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INCREASING PROTECTIONISM IN EC DESCRIBED

Hamburg DER SPIEGEL in German 19 Jun 78 pp 38-39, 41, 44, 46-47, 49

[Unattributed report: "Imports in the Dock"]

[Text] More and more countries use import barriers of all kinds (often camouflaged as so-called self-restraint), to fight unemployment by sealing off their countries from foreign competition. This growing protectionism, topic of the mid-July Bonn world economic summit, is threatening international trade.

The Republic of Austria felt molested by cheap imported beer from West Germany. Consequently, in November last, it enacted a new tariff decree. Since then domestic beer importers are compelled to pay an equalizing levy of 80 schillings per hectoliter, twice as much as before.

On the other hand German beer was not only too cheap for the Austrians, it was too expensive also: At one and the same time the Austrian authorities also moved against the importation of expensive German beers. As a pretext they cited an article of the antiprofitteering law, which is applicable as soon as some consumer item costs 5 percent more than is usual locally.

That which is to make for the happiness of Austrian beer brewers will not cause grief to their French colleagues either. In the same month France decreed a new maximum price regulation for beer. Bars may not charge more than Fr 3.50 (DM1.60) for glass containing less than half a liter. Bar owners who wish to dispense a brand of beer costing more than this may do so only if they offer at least three other brands below the maximum price. The result: German beer exports to France abruptly declined by 20 percent, because many bar owners are unable profitably to sell German beer at the minimum prices required.

These petty import barriers are in complete violation of the EC Treaty, free trade agreements and the spirit of recognized regulations enacted by the General Agreement on Tariffs and Trade (GATT); in fact they are part and parcel of a worldwide protectionism which is spreading like the plague. Last



year the GATT secretariat in Geneva compiled a list of 800 so-called non-tariff trade obstructions without claiming that this list was in any way complete.

According to estimates by the International Chamber of Commerce in Paris, since 1974 the nations involved in world trade have subjected some 5 percent of all trade items to new trade barriers. The estimated extent of the restrictions: DM60-100 billion. England's car industry, ailing as a result of strikes, applied to Brussels for a halt to the importation of Japanese vehicles by means of self-restraint. Europe's shipbuilders addressed similar demands to Japan. The Netherlands are asking Thailand and Singapore to set export quotas for orchids in order to keep the cold wind of competition off Dutch domestic hothouse cultivation.

The U.S. Congress is discussing plans for price-adjustment levies on all imports of finished goods. The Canadian Parliament will soon enact a law restricting the operations of foreign banks in Canada. The reason for this measure: A white book issued by the Canadian Government found that foreign banks offer unduly severe competition to domestic institutes.

German beer brewers are compelled this year to accept the loss of nearly one third of their exports. The Association of Export Breweries noted "barriers of all kinds" in 22 countries; in the ranks of the protectionists the United States jostles Ghana, Japan Peru, and Canada Iran. Last January the Republic of Nigeria, Germany's best customer for beer, put a total ban on further imports. In 1977 Nigeria had imported nearly 750,000 hectoliters.

The Soviet Union appropriated 15 percent of EC trans-Atlantic freight by offering dumping freight rates which are up to 40 percent below the customary European tariffs. More and more countries, Brazil, Argentina and the Ivory Coast in the van, require their European trading partners to agree that all bilateral trade with them must be carried exclusively by the fleets of the trading partners.

"This signals the beginning of a trend which might well be disastrous," lately warned Dieter Spethmann, board chairman of the August Thyssen Huette at the Hamburg Overseas Conference. Wilhelm Haferkamp, Brussels Commission member competent for foreign relations, called "alarming" the growing "fear of challenge inherent in competition." He admonished the Western industrial countries: "Walls are not usually symbols of movement." The latest annual report of the Wholesale and Foreign Trade Association in Hamburg said that "for years a web has been spun to restrain" the classical version of free trade. Obviously it is the "aim to replace free enterprise by economies controlled by international agreements or autonomous protectionist measures."

Free trade is no longer considered the prerequisite for the growing prosperity of all those involved. Instead it is often regarded as a threat to the security achieved. The Federal Association of the German Wholesale and Foreign Trade noted "incredible linguistic casuistry": Protectionism defends

itself with nebulous adjectives. Import competition is described as "ruinous," imports as "dangerous" and "abnormal," liberalism is given the adjective "orderly," markets are to be "organized," importation politics are called "selective." All these terms, just as the linguistic monstrosity "multilateral liberalism," signify only one aim: The defense of domestic markets against import competition.

So-called self-restraint agreements are increasingly taking the place of classical import barriers such as protective tariffs or import quotas: The exporting countries contractually obligate themselves not to exceed certain delivery quantities. GATT regulation on principle forbid import quotas. Because in the case of self-restraint the injured party is made to approve the damage inflicted on it by signing the respective treaty, no court can institute proceedings: There simply is no plaintiff.

By subtle systems of guideline, standard and minimum prices, the high wages countries defend themselves against cheap imports from the Third World. Border levies, so-called price adjustments, are designed to protect national productions from overseas competition. Such protectionist measures are justified juridically by the use of such terms as market disruption or dumping, because--as per GATT article 19 and article 14 of the EC Treaty--it is permissible in such circumstances to fix minimum import prices or equalizing levies for at least a limited period.

At the same time trade barriers are multiplying also in the shape of technical and administrative regulations, for example by the imposition of standards and quality marks, slow handling of licence applications, consumer protection and discriminating procedures in customs appraisal. U.S. authorities, for instance, often consider the higher price of comparable U.S. products rather than the actual import price in matters of import goods.

Hans Hartwig, president of the Wholesale and Foreign Trade Association, recently warned that, on the model of farm protectionism, "restrictive practices are now increasing in the industrial sector" of the European Community also. The aim is always the same: Import embargoes are to counterbalance the competitive disadvantages caused by the collapse of the dollar externally and unduly high wage raises internally.

"With steadily greater frequency," says Hartwig, "competitive difficulties due to structural conditions and employment difficulties due to costs are blamed on imports which are in fact necessary in the interest of a world economy dependent on the division of labor; from the aspect of employment policy, imports increasingly tend to be placed in the dock."

At a symposium in Geneva of the European Management Forum, devoted exclusively to the topic of protectionism, Helga Steeg, department manager competent for foreign relations in the Bonn Ministry for Economics, described the new trend as follows: "Equitable trade is set to replace free trade"; while "sophisticated import restrictions are demanded, exports are to be encouraged."

Helga Steeg noted further a "rising worldwide need for the internal regulation of problems which in fact can no longer be resolved on a national scale."

Last March, sponsored by the Geneva Management Forum, 25 European entrepreneurs traveled through the United States. On their return they reported: "The worst possible climate for any liberalization of world trade." Piece by piece, they said, the United States was piling up new trade barriers: "Imports have no constituencies which need be considered."

#### France Always Ahead With Respect to Protectionism

Regardless of European experiences with Brussels farm protectionism--sealing off the markets against cheaper imports from third countries, a plethora of idiotic market regulations and a surplus production signifying subsequent financial burdens twice as great as the desired insurance of farm incomes--, the European Community displays a growing appetite for new market regulations, as of now especially in the industrial sector.

Since the beginning of this year a European steel crisis program has been in effect. This operates against cheap imports from Asia and Eastern Europe by imposing minimum prices and equalizing tariffs. With 32 third countries the EC concluded a complicated body of treaties, which minutely regulate imports of textiles and clothing.

This so-called multifiber convention is Europe's answer to the dangers threatening the textile and clothing industry especially from Asian competitors in South Korea, Hongkong, Taiwan and Singapore. As is usually the case, the impetus for the abolition of free trade was given by France. Late last June the French Ministry of Foreign Trade suddenly banned many textile imports from third countries for the remainder of the year. This clear violation of GATT regulations and the EC Treaty put the partners in the Community under pressure. There was an obvious danger that the surplus shirts, pants, sweaters and T-shirts would flood the other, still free markets. Instead of compelling France to correct its behavior or at least censuring the French measures, the partners agreed to sanction the unilateral step by joining France. The Far Eastern exporters had to yield and, in the multifiber convention, accept stringent self-restraint.

Subdivided into eight groups of goods--depending on the extent of the threat--, annual import quotas for 123 categories of merchandise were set for each supplier and each customer country. The quotas (external combination) are based on the actual or admissible imports ascertained for 1976. The voluminous body of contracts consists of individual volumes and appendices which fill several linear meters of shelf space. It provides for less imports of specially endangered products such as pantyhose and T-shirts until 1982, and for small increases for less "sensitive" goods. In accordance with a "division of burdens key," the Federal Republic will accept 27.5 percent of the total deliveries agreed.



Taiwan, for example, may supply 1,097 million windbreakers to the Community this year and 1,283 million until 1982. Macao and Singapore were also assigned a delivery quota for so-called newcomers, although they are in fact unable to supply windbreakers.

Everything is minutely regulated. This year Taiwan will export 130 tons of household linen to the EC; 10 tons are earmarked for the Federal Republic. This is so little that quite possibly no importer will bother to conclude a contract which, moreover, is subject to a laborious licencing procedure involving certificates of origin.

According to Hans Rummer, president of the Federal Office for Trade and Industry, his office alone has to examine and issue "well over 100,000" import licences. In the opinion of Economics Minister Count Otto Laubsdorff the bureaucratic jungle now proliferating "is even more intimidating than I had imagined."

In fact Germany's textile and clothing industry did manage to hold its own despite fierce Asian competition--in the past 10 years a third of all jobs and a quarter of all firms in the industry were lost. Nowadays West Germany is not only the biggest importer of textiles and clothing, in 1977 it was also the biggest exporter in the world--thanks to quality and specialization.

On the other hand Hans-Werner Staratzke, executive board member of the General Association of the Textile Industry, explains why the Federal Government had ultimately joined the multifiber convention "despite a great deal of reservations: "Without this convention more and more countries would have closed their borders completely. Then matters would really have got out of hand." A chain of ever widening restrictions would have "intolerably increased the pressure on the remaining free markets, in this case the German market." Furthermore, he said, the Federal Republic is still the most liberal import market.

At the Brussels conference tables the German negotiators are often alone in their appreciation that even the most severe competition is most likely in the long run to guarantee the survival of industries. They are constantly confronted with a united front ranging from bureaucrats and conservative politicians to left socialist labor unionists, for whom competition represents a wrong and, in many cases, morally objectionable economic principle--moreover a principle which has often done most for the Germans.

The connection between the growth of world trade (from DM260 billion in 1947 to more than DM4,000 billion in 1977) and the growth of prosperity is acknowledged only as long as competition does not hurt.

Not for nothing is the concept of protectionism the constant companion of the doctrine also rampant in the world of direct government investment controls. Here as there hopes and expectations are in total conflict with the actual experiences that the allegedly higher principle of social control in fact

creates the very dimensions of deficits which it claims to combat. Both doctrines have something else in common: Their followers are as impervious to experience as eunuchs are to sexual arousal.

The general mistrust of a free economy is actually reflected in the mere existence of an EC Commissariat for Industrial Affairs. After all, unless it wants to commit suicide, the purpose of such a commissariat must be that of mistrusting the resourcefulness of private enterprise and the pilot function of the markets. Belgian Vicomte Etienne Davignon, 45, in word and deed embodies the principle of interference, regulation and control. His name is also linked to another defensive project of the Community, the crisis program for the steel industry.

Since the beginning of 1978 so-called guideline prices have been in effect for 130 types of steel trade within the EC. These prices are fixed by Brussels. The European steel producers promised, by way of voluntary self-mandatory statements, to keep to the pricing guidelines provided. For specially controversial products such as reinforced and bar steel as well as hot rolled wide steel strip the Commission for Internal EC Trade actually decreed minimum prices; any undercutting of these prices is subject to penalties.

For steel imports from countries outside the Community, Brussels fixed so-called base prices. On the average these are 6.7 percent below the inner-European guideline prices. If bids by third countries are lower than the assigned base prices, an equalizing levy is imposed to bring them up to the required level.

The base price system serves the defense against cheap imports which have swamped the EC in recent years. Growing steel capacities in Japan and South Korea, for example, resulted in ruinous competition (alongside the stagnation in world steel demand which has lasted for 4 years). As a result all suppliers suffered increasing losses. The Hoesch Corporation, for example, lost nearly half a billion DM in 1977.

Last year foreign producers grabbed 36.2 percent of the West German market for finished rolled steel products (1974: 24 percent) by charging dumping prices which were up to DM200 per ton below the manufacturing costs for various types of steel. Though total sales in the Federal Republic declined, Japan, for example, raised its rolled steel exports to the FRG from just under 17,000 tons per month in 1974 to 63,000 tons per month in 1977.

Again it was France which took the initiative in the matter of protectionist price regulations. Paris extorted from the EC import embargoes with the open threat that, failing such steps, national measures would be adopted to shield the French steel industry.

Herbert W. Koehler, executive secretary of the Iron and Steel Industry Association, considers the base price system for imports "justifiable from the

economic standpoint, provided that the base price is determined by the complete costs of the most rationally operating firm, whether in Japan or elsewhere." As long as this cost price of a technically ultra-modern plant were to apply at European borders, it would not stop competition as such, merely the practice of dumping, which arises from the calculation of sectional costs.

It is doubtful whether this protectionist system, acceptable in principle, would in the long run provide an opportunity for the cheaply operating third country manufacturers to gain a foothold in the EC at complete cost prices. After all, totally obsolete and overmanned steel producers in Belgian Wallonia, Lorraine or England are unable to compete with the prices of cheap suppliers from third countries even if there is no dumping.

England's nationalized steel industry, for example, produces about the same volume annually as the Federal Republic--employing twice the manpower. In the past 2 years the government was compelled to inject DM2.4 billion into its ailing iron and steelworks, while the labor unions took care that no employee was dismissed.

#### Competition Replaced by Government Subsidies

The events of recent months clearly demonstrate the danger of such designs as the European steel market order, even though protection against dumping appears initially justified. At first the guideline and minimum prices were to be in effect only until the end of this year. However, the EC Commission has already announced that, this year yet, it would raise Euro prices by 10 percent in 2 stages--something it would most certainly not have done if the European steel market were to be liberalized again. Herbert W. Koehler of the Iron and Steel Association now says that at least inner-European minimum prices "should disappear by 1980."

As always protectionism is two-faced and insidious. That which--possibly quite honestly--is planned as a temporary measure, flourishes for ever and ever, spreading its tentacles wider and wider. Besides, administratively imposed prices are always liable to be circumvented. For example 20 smaller Italian producers--all of them manufacturing simple items such as steel bars and reinforced steel--have not the slightest intention of observing the prices fixed in Brussels.

To circumvent the fines imposed in such cases, the so-called Brescians (all of these firms are located in the vicinity of Brescia) and their customers formally agree the prescribed prices. At the same time, though, they obligate themselves to pay contract penalties for late delivery, amounting to DM10 per ton and day. Thereupon they deliver the goods at a date so much later than the contract date that, after subtraction of the contract penalty, the price coincides with that orally agreed.

The Italian Government indirectly encourages the business practices of the Brescians by exempting them from taxes of all kinds. Social contributions



also are completely or partially waived. Finally the government subsidizes energy costs. Koehler comments this by saying: "We have long ceased to compete with other firms; now we compete with foreign government treasuries."

In Brussels Bonn's Minister of Economics Lambsdorff has already threatened that he would defend any German firm matching the Brescians prices and consequently fined by Brussels.

At the same time violations of minimum prices are not the only offenses committed quite regularly. The guideline prices also are undercut in virtually all of the European steel trade, either by hidden rebates or higher than stated quality. The powerlessness of the Brussels steel policy is made evident by the fact that the guideline prices are shortly to be raised by 5 percent, although market prices are on the decline. It has therefore become a virtual necessity for the corporations to disregard such pricing guidelines.

Increased government intervention in the markets is designed to replace competition by social policy. But that always leads to an impasse, because in the area protected against hostile imports the cosseted industries become parasites of society and increasingly need assistance. West Germany's steel industry, for example, has managed to withstand the furious pressure on prices, despite all losses and without government subsidies; despite nearly double the wages costs it is now hardly less efficient than the Japanese competition.

Admittedly, the labor force declined by 60,000 within 5 years, but without this sacrifice the necessary rationalization could not have been accomplished. In England and Italy, on the other hand, government and labor unions dictate the measure of employment, with the result that the overdue liquidation is fended off anew every year by way of the government budget--at the expense of taxpayers who are compelled to finance the government bankruptcy.

In 1977 Belgium, for example, paid its four steel producers low interest bridging loans in the amount of more than half a billion DM. In the same year Italy's leading steel producer, Italsider, suffered more than DM1 billion losses. Subsequently Italsider president Ambrogio Pieri received a government subsidy of DM750 million; according to his calculations, however, it will take another DM2.85 billion to restore the soundness of the corporation.

To its two steel corporations Usinor and Sacilor-Sollac France granted loans in 1977 totaling some DM600 million, followed by another DM218 million loan early this year. The corporations owe the French taxpayer a grand total of DM4.1 billion.

This constant protection of ailing structures stands every economic principle on its head. Protection against efficient competitors is based on the lunatic proposition that the society paying most for its imports is doing best. How

nonsensical this calculation really is becomes evident when we observe the fear of domestic steel processors--in the van the machine constructors and the iron and sheetmetal processing industry--that the lack of cheap raw materials will result in the loss of their competitiveness on export markets.

Klaus Bellwinkel, chief executive secretary of the Iron, Sheetmetal and Metal Processing Industry Association, fears the "backlash if, due to the lack of favorable purchasing opportunities, the processors should buy less domestic steel or emigrate abroad, where raw materials are cheaper. That would not do much good to the protected steel industry either."

The allegedly fatal imports of textiles and clothing from Asia, for example, have been prevented from growing for an unforeseeable period by way of the multifiber convention. In fact they are by no means all that dangerous to domestic producers. Some 40 percent of German imports were in fact ordered by domestic manufacturers. These imports therefore serve the interests of the industry domiciled here because, thanks to job relocation to cheaper regions, the employees at home are made secure.

Raven Karalus, executive secretary of the Association of Importers of Finished Goods, considers it a serious disadvantage of the textile convention "that the Asian suppliers who up to now supplied mainly cheap finished goods, will be compelled to change over to quality merchandise, thereby threatening West European industry in its present strongholds."

The benefits of competition, irreplaceable by any other system, consist mainly in the fact that competition enables consumers as well as investors to profit from cost advantages. Protectionism destroys this opportunity by rendering ineffective the control function of prices.

#### The Government Reduces Export Prices of Pantyhose and Sausage Machines

As a result benefits arising from location are lost at the same time as the opportunities offered by the international division of labor. Protectionist practices, therefore, ultimately damage the countries intent on defending their industries at any prices just as much as the suppliers at whom the protectionist measures are aimed. The result: All of them are poorer than before.

Protectionist measures against allegedly damaging imports are usually combined with the encouragement of exports. The protectionist thus does precisely that which he accuses his suppliers of doing. Just recently, for instance, the German textile industry complained in Brussels that it was "high time" to proceed more resolutely against the practice of government subsidies rampant for years among the European partner countries also, "and which blocks the market mechanism."

Italian pantyhose and hosiery manufacturers from the Castel Goffredo region, for example, offer their goods in the Federal Republic at prices which barely

cover the costs of the materials in West Germany. The Italian Government as well as the local authorities there provide subsidies of all kinds: Wage and investment subsidies, low interest loans, exemption from taxes and social insurance contributions.

In Belgium the Government pays subsidies per job to the troubled textile firms; at the insistence of the labor unions this aid has lately been doubled. Within the framework of programs for the maintenance of jobs the Netherlands and England provide subsidies and grants for actually or allegedly threatened firms. This has had the result that Lower Saxon textile employers have warned their Land government that they would move across the border to Holland unless they received similar aid.

France, for example, subsidizes those 165 domestic producers which manufacture equipment for the food industry, such as milking and bottling machines, bakery equipment and sausage machinery. The government pays nearly half the investment costs needed for the construction and equipment of new plants at interest rates approaching zero, and the loans need be repaid only when the new product is shown to be successful.

According to department head Dieter von Wuerzen at Bonn's Ministry of Economics, "entrepreneurs who submit to the rule of the market and rely on their own strength and endeavors see themselves robbed of the success due their efforts because the lesser ability and the lack of adaptability of their competitors is compensated by public subsidies.

In late April Bonn's Economics Minister Lambsdorff presented the EC partners with a memorandum on structural policy, warning of "sector specific regulations" and "costly recourse to subsidies." This was bound increasingly to restrict world trade because protectionist measures aimed at the competition call forth increasing retaliation.

The danger is by no means slight. At this very moment Brussels is discussing the industries which will soon call for more protection. Lambsdorff quoted the steel processors, shipyards, machine construction and the construction industry. In the wake of the administrative price increases for steel all of these had called for "subsequent regulations."

Europe's footwear industry has already achieved the first stage of protectionism. Since early April imports from third countries are controlled; that is the border authorities record the imported quantities by way of licences. If necessary, quotas may be imposed as the next step.

In the opinion of experienced importers and politicians familiar with the backrooms of Brussels, sooner or later the manufacturers of electrical goods, electronic subassemblies, optical goods, umbrellas and watches, leather, sports goods, basket, ceramics and tile producers as well as manufacturers of glassware, toys and musical instruments are likely to ask for protection by Brussels.



The rest of the world is bound to give a sharp retort. Australian Prime Minister Malcolm Fraser already called the European Community a "narrow-minded, selfish trade association which attempts to have the rest of the world dance to its tune." It is somewhat odd that the Brussels Commission expressed "surprise" at this reproach.

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## BELGIUM

### BELGIAN MINISTER INTERVIEWED ON COOPERATION WITH KINGDOM

Riyadh AL-RIYAD in Arabic 8 May 78 p 3

[Text] The Belgian Minister of Foreign Trade and Cooperation said to the AL-RIYAD delegation: "Our activities with the Kingdom go beyond the industrial projects field to the fields of construction, technical cooperation and professional development. He also said: "We recognize the big role of the Kingdom on the Arab and international levels. The visit of King Khalid to Brussels will have important dimensions. Belgium has succeeded in helping the Kingdom to build and develop its economy."

AL-RIYAD asked His Excellency Mr de Bruyne the Belgian Minister of Foreign Trade and Cooperation: What results are you expecting to reach on the occasion of King Khalid's visit to Belgian? Will specific economic projects be discussed as a new starting point in the relations between the two countries and specifically in the field of foreign commerce of which you are in charge?

Answer: In fact we hope for much from this visit, which can be said to have two dimensions. The first dimension is represented by the strong will on both sides to deepen cooperative relations between them in recognition of the great role of the Kingdom of Saudi Arabia on the Arab and international levels. It is a country for which we have a great deal of respect and esteem, and there have been no problems between us; our relations have always been friendly. This is not the first time that contacts between our countries have been conducted on the highest level. The visit of King Khalid to Belgium completes a chain of exchange visits in which Belgium has expressed its strong desire to consolidate its relations with Saudi Arabia.

The second dimension of this visit is the increasing importance of these meetings at the summit level, for they constitute the framework suitable for final decisions on many matters and projects held in abeyance. Without such meetings the bilateral negotiations concerning these matters would have continued for many more months. Expediting the agreement on economic projects of common interest to both of us and quickly implementing them is in the interest of the two parties.

We seek to benefit others as well as ourselves, and I think that the best and most permanent economic relations between the countries are those which consider the mutual interests of both countries.

Question: What is current foreign trade situation in Belgium in general and her relations with the Kingdom of Saudi Arabia in particular?

Answer: Our trade now is in a state of stagnation whether with the industrial or socialist countries. With the developing countries the situation is different because our imports from and exports to these countries have increased during recent months. When we speak about these countries we should think of two groups: the group of developing countries which are members of OPEC and the group which is not oil-exporting. It is beyond doubt that the former group has great buying power. Belgium was first among industrial nations who recognized this important phenomenon and it worked to develop its economic relations with the group of oil-exporting countries, specifically Saudi Arabia. For us, the matter goes beyond establishing commercial relations because we are seeking to participate in building and developing the economies of these countries in an effective way. This pushes our activities beyond the field of industrial projects to other fields such as construction, technological cooperation and professional development to create and train experts in the countries with which we deal.

Question: What are the most important economic fields in which Belgian industries have achieved success in Saudi Arabia?

Answer: You have some big projects such as building residential and administrative areas and hospitals, etc. Other achievements have been realized in different fields such as transportation. I think that Belgium has generally performed an important contribution in helping the Saudi Kingdom to build and develop its economy."

Question: It seems that Belgium is distinguished from other European countries by its precise technology and its progress in some industrial fields.

Answer: I think that Belgium occupies a high place in some advanced technological fields, of which we might specifically mention the fields of communication and the manufacture of various machines used in textile, electricity and chemical industries, especially the fertilizer industry, iron industry and the processing of non-ferrous metals. In all these fields Belgium, the small country, is like a big industrial power which can compete with the big industrial countries.

Question: What is the role that Belgium can play within the framework of the efforts being made to increase economic cooperation between the group of European countries who are members of the Common Market and the Arab countries?

Answer: When we look at the common European policy, we find that Belgium has played an important role in preparation for and establishment of the policy of cooperation adopted by the European countries in their relations with developing countries in general and Arab countries in particular. Belgium is a small country and its international weight is limited but this allows it to play the role of the intermediary between Europe and the developing world, where it follows an economic policy inconsistent with a policy of control and spreading of influence. This is contrary to the great powers which follow a policy dictated by their desire to defend their many interests. When Belgium follows a policy based on cooperation and mediation between Europe and developing countries it serves its interests as well as those of its partners; this increases the importance of the role it plays on the European level.

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COMMUNIST PARTY CONVENTION MEETS, OPEN DISPUTE CONTINUES

Saarinen, Sinisalo Interviewed

Helsinki SUOMEN KIVALEHTI in Finnish 2 Jun 78 p 54-55

[Interview with CP Chairman Aarne Saarinen and Vice Chairman Taisto Sinisalo, by Juhani Aromaki; date and place not given]

[Text] Finnish Communists have swept all their differences under the rug. The reason for this spring cleaning is the 18th Congress of the SKP [Finnish Communist Party], at which the party's 60th anniversary is also being celebrated.

Although the exterior festive spirit seems one of harmony, the party is still split. This means that the power relationship in the expanded 50-member Central Committee will be 29-21 in favor of the majority faction led by Chairman Aarne Saarinen.

Two document drafts have been prepared for the 18th Congress of the Finnish Communist Party. One is of a political nature and the other is an ideological-historical document.

Over the weekend Communists do not intend to vote on issues as has been the custom at their congresses. This has meant that many issues have been given up. The position of Communists regarding the question of government is only touched upon lightly and in oblique and ambiguous terms.

A whole week was spent on putting finishing touches on the document drafts. The minority newspaper did not publish the document draft of the congress until 25 May 1978. Since it was requested that observations concerning the draft be submitted to the party offices already by 28 May 1978, there was little room left for the role of democracy.

The power relationships of the majority led by Chairman Aarne Saarinen and of the minority led by Vice Chairman Taisto Sinisalo remain the same. In the Central Committee there was 35 members and the difference is now 20-15.

If the Party approves the change in regulations over the weekend, the Central Committee will increase to 50 members. Of these 29 will belong to Saarinen's camp and 21 will be under the banner of Sinisalo.

In the document drafts it is pointed out that "the objective conditions for the transition to socialism" have increased in recent times. In the opinion of Communists the time also is becoming ripe for "a decisive change".

In the document drafts Social Democrats are considered to be "class brethren," with whom society can be changed preferably in a programmed cooperation.

In the document the opinion is expressed that Finland cannot be neutral in relations with the Soviet Union. Party leaders consider to be abstract "the term neutral, which when placed abreast with the neutrality of Sweden, Switzerland, or Austria" is misleading.

SUOMEN KIVALEHTI presented both chairmen of the party approximately 10 identical questions. In the answers one can see a red thread -- and an even redder thread.

[Question] Unanimous approval is expected for the document drafts of the 18th Congress of the SKP. Unanimity, however, has its price since all differences must be cast aside. What issues would you like to see emphasized in the documents?

[Answer] Aarne Saarinen: Well, the draft is still (a week ago) being worked on so I cannot take a final stand. We are, indeed, striving for unanimity. The question of government will only be touched upon lightly. It has not been completely forgotten and even with regard to this we are striving for a unanimous form. It is now a question of verbal issues, style, and use of language.

[Answer] Taisto Sinisalo: The question of government and a whole group of program questions have been put aside. Around the last chapter of the document there are several program questions which have been left to decide.

[Question] Why for this congress has there been a desire to obtain a unanimous stand in the party with regard to the document?

[Answer] Taisto Sinisalo: Votes have not been taken at party congresses. This is no exception.

[Answer] Aarne Saarinen: This is not a new aspiration. What is perhaps new is that the party leadership is now unanimous in its aspiration to take democratic principles into consideration as much as is possible.

[Question] Is this a victory for the majority faction?

[Answer] Aarne Saarinen: It can be said so.

[Question] The document contained points which seem to indicate that an era of close cooperation of leftist parties is at hand. In the document it is stated that the serious differences between leftwing parties are in the final count a result of the fact that the Social Democratic Party is reformist and the SKP is a revolutionary party. However, in the document it is considered that this cannot be an obstacle to cooperation. What is your comment on these prospects for cooperation?

[Answer] Taisto Sinisalo: This is not a new appraisal in the SKP. However, I do not see any shattering new phase forthcoming in cooperation. A program cooperation between the parties is just as far away as ever before since the Social Democrats are not ready for this.

[Answer] Aarne Saarinen: The ideological differences are, indeed, great. Possibilities for cooperation in limited questions do exist, but there is no obstacle in principle to a joint program.

[Question] The participation of a high-level delegation of the CPSU for the first time in the Helsinki disarmament conference at the invitation of the Socialist International was an important event internationally between Communists and Social Democrats. Does this mean that minority Communists will also use more civilized language in talking about the Social Democrats and will also have a better understanding of the cooperation of the party's majority with them? In the document draft it is mentioned that Communists will treat every Social Democratic worker as a class brethren.

[Answer] Taisto Sinisalo: This is a direct quote at least from the year 1964. As far as the position of the CPSU is concerned, I am not the right man to ask. I see, however, that the Socialist International has itself revised its attitude toward Communists and especially the Soviet Union. For the first time it has invited the CPSU to its meeting. In Finland we are ready to cooperate in questions of peace with the Social Democrats as is the case in the Finland-Soviet Union Society and in the Defenders of Peace, for example. Cooperation between the CPSU and the Socialist International -- indeed, in a rather limited question -- is positive, but it does not at all concern ideological questions.

[Answer] Aarne Saarinen: The attitude of Communists toward Social Democrats was mentioned in the same manner in 1954 to my recollection. I believe that the meeting in Helsinki has a certain effect on minority positions. In any event the minority adopts a very restrained and cautious attitude toward leading Social Democrats. This was once again evident in the matter of unifying the TUL [Workers Sports League] and the TUK [Workers Sports Central League]. They consider that only the Social Democratic Party will benefit from this unification of sports organizations.

[Question] Does this new position of the CPSU have an effect on activities in the Finnish Communist Party?

[Answer] Aarne Saarinen: It of itself is improving conditions for cooperation between the SKP and the SDP [Social Democratic Party].

[Answer] Taisto Sinisalo: We should not draw any far-reaching conclusions.

[Question] The book "Sosialidemokratian Suunta 1980-luvulla" [The Direction of Social Democracy in the 1980's] means more definite steps to the left. Will opportunities for common understanding between Communists and Social Democrats increase on this path?

[Answer] Taisto Sinisalo: I do not consider this book to mean steps toward the left and I have not heard any Social Democrats state this. Compared to the SDP Congress in Jyvaskyla this is a definite step toward the right.

[Answer] Aarne Saarinen: It is possible to promote cooperation on the basis of programs. The SKP document and the SDP program create a basis for cooperation, also hopefully for program cooperation.

[Question] In the document the SKP considers that conditions for decisive social reforms have increased in recent times. What are these "decisive reforms"?

[Answer] Taisto Sinisalo: It is becoming ever more evident that the power of big capital is in conflict with the interests of the people. The people must be made to know about the inevitability of change. The time is not yet ripe for nationalization, but, indeed, ripe for gradual reforms.

[Answer] Aarne Saarinen: An initiation of enterprise democracy, which seems to be experiencing resistance in middle class factions. A revision of the minority regulations in such a way that the government could with a simple majority push through economic authorization laws, would be a significant issue.

[Question] What do Communists mean when they say that "objective conditions for the transition to socialism" have also increased in recent times?

[Answer] Aarne Saarinen: What we mean by this is that the authority of the state can do more to interfere in the course of economic life and the economy will become more dependent on the power of the state.

[Answer] Taisto Sinisalo: Capitalism has outlived itself. Objectively we are already prepared for socialist solutions, but subjectively the time is not yet ripe from a social and ideological point of view.

[Question] What are the most important points of the document draft for the 18th Congress of the SKP?

[Answer] Aarne Saarinen: An analysis of capitalism and conclusions regarding it as well as the tasks established for the party.



[Answer] Taisto Sinisalo: In the first place, it continues the principles of the 17th Congress. It takes the position of a definite Marxist-Leninist party, which it has always been. It waves its flag for Lenin. It points to a democratic way out of the crisis.

[Question] Finland cannot be neutral in its relations with the Soviet Union. This is stated in the document draft. Do you consider it thus a waste of time to talk about Finland's neutrality and its striving toward neutrality and that the SKP in fact is not for Finland's official foreign policy line?

[Answer] Aarne Saarinen: This does not mean that the party has chosen another foreign policy line. I have stated many times that Finland is not neutral in the same way that Sweden, Switzerland, or Austria since Finland has the YYA [Friendship, Cooperation, and Mutual Aid] Agreement with the Soviet Union.

I would also point out the president's statement that Finland is not neutral in questions of war and peace. Talking about neutrality is not recommended since the concept is abstract and leads to a comparison with Sweden and other countries, which are in a different situation.

[Answer] Taisto Sinisalo: The communist vocabulary also includes the word neutral. It is no accident that it has been left out of the document draft. When we emphasize a policy of peace based on the YYA Agreement, it is not, in my opinion, in conflict with Finland's official foreign policy line.

#### Educated Leadership Shortage

Helsinki HELSINGIN SANOMAT in Finnish 28 May 78 p 19

[Articles by Anneli Sundberg: "Toward Unity and Increasing Cooperation of the Left" and by Arto Astikainen: "SKP Begins Last Term Under Aarne Saarinen's Leadership"]

[Text] There is no room in Finland for two communist parties as long as Chairman Aarne Saarinen's hold strengthened by stonecutting remains at the helm of the SKP. In Saarinen's opinion even a formal unity is better than an open party split.

Thus, on the eve of the congress of the SKP he is ready to admit that the party leadership has neglected many opportunities to build party harmony. They have only managed a thorough discussion of this matter every 3rd year when it became necessary because of the party congress.

Saarinen has led the Communists since 1966 and there do not seem to be any serious opponents in Helsinki's Cultural House where the 18th Congress of the SKP will be in session 1-3 June 1978.

Saarinen (64) has planned that after this congress he will leave the duties of the chairmanship to others and will move to the spectators' stand to observe whether his successors can do better as builders of peace.

A couple of names have been mentioned as his successor: SKP Vice Chairman Olavi Hanninen, the second man in the SAK [Finnish Confederation of Trade Unions], and SKP First Secretary Arvo Aalto, who increased his prestige while he was minister.

#### A Division Into Two

In the Communist Party preparations for the congress have been made on the basis of a division which has lasted throughout all of Saarinen's term. No new documents for reconciliation are being brought to this meeting. Even previous ones have remained unfulfilled.

Even the chairman cannot remember how many reconciliation plans, documents for restoration of unity, and recommendations and memoranda for resolving the conflict have been written and then quietly buried.

"There have been many of them," he sighs.

#### Hard Faces

The Saarinenites and Taistoites have hard faces, which have demanded and demand radical operations even all the way to a complete party split.

The demands bounce back to Saarinen: "I have always said that the establishment of another party would only increase problems. We would go into elections in two separate election alliances, which for purely technical reasons would cause a decline in total support for Communists. Fraternal parties would be placed in a very perplexing predicament. With which party should they maintain contacts?

"In considering international relations alone the division of the party into two is impossible," emphasizes Saarinen.

#### Soviet Relations

Of the SKP's fraternal parties the most important is the Communist Party of the Soviet Union, whose attitude toward the factions of the conflict have been interpreted and evaluated by both the contestants as well as outsiders.

According to Saarinen relations at this time are very clear: "The CPSU has continually emphasized the necessity of party unity. This is very clear in the minority as well as the majority. There is no room for speculation."

## Ministerial Problems

Fraternal parties in the East and the West according to Saarinen follow with interest the experiment in government by Finnish Communists and the development of Finland's domestic policies in general.

"We are the West's only Communist Party which can choose whether to be in government or in opposition."

In Saarinen's own party the interest is not nearly favorable. The Taistoites continually demand that the majority Communists give up the ministerial portfolio.

Recently the question of government has aggravated relations between the Taistoites and Saarinenites more than any other issue.

## Free Hands

Saarinen emphasizes that the congress will have to make a government policy evaluation of the past and the future even under the threat that it will be subjected to a vote.

Saarinen expects the discussion at the congress to be interesting and varied. The party leadership has agreed that the congress will be given more independent decisionmaking power than before. The hands of representatives will not be bound to the same degree they were in previous congresses.

## Self-Criticism

The preparations for the congress have aroused in Saarinen slight hope that unity will still be restored.

"When we are forced to discuss, conflicts tend to even out. We should be able to conduct discussions at times other than at the congresses. Attempts have been made, but they have been left in midair."

The party leadership has reason for self-criticism, admits Saarinen. Opportunities for a thorough discussion of the facts have been repeatedly ignored. Arguing has taken up so much of the effort of the party leadership that there has not been enough left for conciliation.

"The main point of concern for many in this situation is maintaining the unity of their own faction."

## A Change in Atmosphere

Since the last party congress the setting of the conflict has changed somewhat. In the Pohjois-Hame District of the SKDL [Finnish Peoples Democratic League] an organizational unity has occurred. A portion of the Taistoites joined with the majority in spite of the opposition of the Taistoite leadership.

Saarinen considers this event to be positive. The atmosphere has also been clarified by the fact that Taistoite attacks against the SKDL have clearly become less strident.

#### Equilibrium of Power

The power relationships in the SKP congress remain the same. In the party elections 287 majority Communists were elected and 215 Taistoites. The result also assumes the previous distribution of offices in the party organs.

It is intended to change the regulations of the party in such a way that the Central Committee will be expanded from the current 35 members to 50 members.

In the new Central Committee the power relationships will be 25-21 in favor of Saarinen. The 9-6 distribution in the Politburo will remain the same.

The chairmanship of the party will not change, but in the Central Committee and the Politburo there will be changes in membership since, among others, Aarvo Hautala, the former communist leader of the SAK, intends to resign.

Saarinen hopes that the Central Committee will include more women and youth. "And even a worker should be included among the officials."

A Taistoite mandate in the chairmanship will be given to Taisto Sinisalo, who will continue to oppose Saarinen in party leadership negotiations.

Sinisalo's present weight in the minority has been evaluated, but for the time being at least he has not been surpassed by either Urho Jokinen, chief editor of TIEDONANTAJA, or Markus Kainulainen, the power broker in the Uusimaa District of the SKP.

#### Social Democrats

According to Saarinen the government responsibility of Communists has brought the SKP and the Social Democrats closer together. In Saarinen's opinion the Social Democrats have a greater willingness than heretofore to take the views of Communists into consideration and he believes that friendship will continue even after the recession is over.

According to Saarinen prospects for cooperation are brightened by the fact that the reform policy in the SDP has ended up in a crisis situation in proportion to the crisis in capitalism so that it is no longer possible for Social Democrats to base their activities solely on normal reform.

Against this background we are faced with an era of qualitative changes, which means great political decisions: "Communists and Social Democrats are capable of finding common positions under the pressure of change," believes the chairman of the SKP.



## The Ruling Arms of Finnish Communism

Armed revolution, the taking of all power into the hands of the workers, the establishment of an iron dictatorship of the proletariat, and the creation of a communist society were the goals of the leader of a rebellion of approximately 100 Finns and a group of other socialists, who gathered in Moscow 60 years ago to establish the Finnish Communist Party.

The SKP, which will be celebrating its 60th anniversary next Sunday, has never attempted in Finland to carry out those original goals approved by a vote in Moscow. The goal of revolution has fallen by the wayside, but the SKP has sought after power and in 60 years has acquired some of it.

The basic group of 100 members has grown to 45,000 members, into a party divided by conflict into two factions, and one of the largest communist parties in Western Europe, whose existence is a political reality for even the most diehard member of the bourgeoisie; a matter about which nothing can be done.

After 60 years of striving for power Finnish Communists have directly or through the SKDL a political weight of approximately 500,000 voters, 40 Diet members, three ministers, 2,000 members on municipal councils, a central or at least minority position in the SAK [Finnish Confederation of Trade Unions] trade union movement, more than one-third of the official positions in SAK unions, four significant trade unions, six districts of the Workers Sports League and a majority of the membership of the whole league, a few important positions in state administration, more than 10 directorships of cities or municipalities, a minority position in workers' business activities, and a whole group of various friendship, cultural, and other organizations.

### Remaining Aside Lost Public Offices

Communists have acquired political power under the protection of the SKDL, established as an organization accomplishing the tactics of a peoples front. In elections support for the SKDL has fluctuated around 20 percent, the number of Diet members has been around 40. Communists are now in the government for the seventh time, the Taistoite faction of the party firmly in opposition.

After their political ascension in the 1940's communists were for a long time reserve forces in the power game of domestic policies. The SKP has lost its importance also as an augur of foreign policy and as a voice of Moscow since the foreign policy leadership now maintains direct and continuing ties with the Soviet Union and parties other than the SKP have concluded friendly relations with the Communist Party of the Soviet Union.

The long isolation of Communists from domestic policy (1948-1966) is seen in the party's weak representation in government offices. Communists did not begin to enter important posts in the government until the end of the 1960's at the time of the peoples front government.

Even if SKDL representation is taken into consideration, communists do not at this moment have one single chief director in state administration, head of a government office, or even a section chief of a ministry.

Liekki Lehtisalo, the planning chief of the Ministry of Education, holds the most significant post for a Communist among the ministries.

#### Not Accepted Into the Army or the Police

SKP or SKDL members who have entered the higher ranks of state administration are, for example, Leila Rasanen, chief secretary of the Commission on Equality, Pekka Parkkinen, researcher in the Economic Planning Center, Osmo Kock, Finland's Ambassador to Berlin, Kyosti Suonio, general secretary of the Environmental Protection Council, legislative counselor Reijo Karkkainen in the Social Ministry, and researcher Tapio Saavalainen in the Finance Ministry.

Communist Vilho Jappinen is the chief director of the Central Medical Board and Taistoite Matti Tohka is a section chief in the Labor Security Administration. With Toivo Mutikainen's resignation Communists lost the office of assistant section chief in the Administration of Commerce and Industry.

Of the administrative districts Communists hold two positions of leadership: Paavo Aitio is the governor in Turku and Risto Holttä is the governor in Kuopio, soon it will be Kauko Hjerppe. The socialist minister Terho Purssinen has become a section chief of the Kyri Provincial Government.

Communist Kaisu Weckman and section chief Veli Pietarila are in the leadership of the National Pension Administration. The state controlled radio has two Communists in its management: economic director Aimo Haapanen and program director Keijo Savolainen. The deputy director of the Developing Area Fund is Jouko Kajanoja. In addition to this, Communists have leading positions of trust in state-owned corporations.

In the universities there are a few Communist professors, but the army, the police, the border patrol, and the church are somehow "pure". In the defense forces it is suspected that there are two Communist officers of the ranks of lieutenant and captain. The hold by Communists on the police disappeared in the 1940's as a result of the blows dealt by Valpo [State Police].

#### A Lack of Trained Members

In addition to political discrimination and isolation, the lack of a trained and educated membership has also affected the paucity of official positions for Communists. The appointments agreed upon have sometimes been upset by the fact that the naming of a Communist candidate to an office from among a dozen office seekers has not gone through the sieve of the Attorney General.

Communist influence in the Customs Administration disappeared when Jorma Uitto, who was appointed chief director, gave up his red stand. Also the Governor of Kuopio has given up party activities.

Communists have not done much better in the municipalities than in the state administration. Of the 7,800 members of municipal councils, 2,050 have been elected from the lists of the SKDL. In the country there is one Communist city director, Taiso Johteinen in Kemi. In Espoo, Vantaa, Turku, Kuopio, Kemi, Joensuu, and Oulu, the assistant city directors are either Communists or peoples democrats. In the municipalities there are a few Communist directors.

Of all the 550 municipal or city director positions the SKP or the SKDL hold only less than 20.

Communists have some influence in the League of Cities, but the Municipal League is controlled by the Center Party.

#### Main Area Is Industrial Unions

Communist influence in the trade union movement goes all the way back to the 1920's when the SAJ [Finnish Federation of Trade Unions] fell into the hands of leftwing radicals and Communists. The SAJ dissolved from under the Communists and was banned in 1930. Communists did not acquire any positions in the SAK [Finnish Confederation of Trade Unions], which was established by the Social Democrats, until after the wars.

Of the member unions of the present SAK Communists are in the leadership of the 100,000-member Construction Workers Union, the 38,000-member Food Distributors Union, the 16,500-member Rubber and Leather Workers Union, and the less than 10,000-member Real Estate Workers Union as well as the insignificant General Journalists Union and Editors Union.

Communist power is also felt in machine shops, ship yards, and paper plants: the Social Democrats have only a slight majority in the Metal Workers Union and the Paper Workers Union.

In the white-collar organizations of the TVK [Confederation of Salaried Employees] and the STTK [Finnish Federation of Technical Functionary Organizations] or in AKAVA [Professional League] Communists do not even have a say-so except for the TVK's Industrial Salaried Workers Union. Communists have also not been able to get a hold on the state and municipal workers' organizations subordinate to the SAK. The main reason the Communists say is the majority election procedure, which keeps the Social Democrats in power.

All in all, Communists in the trade union movement have acquired a central and at least approved position of influence. Industrial leaders must negotiate and come to terms even with the Communists. The influence of Communist power can be found in the country's economic and income policy.

One of the most important areas of activity for Communists is also the workers' sports movement. The majority of the membership of the TUL [Workers Sports League] either supports or votes for the SKDL. Social Democratic sports advocates are still scattered in the TUL, the TUK, and in the so-called bourgeois leagues. If the nearly 200,000 members of the TUK can be united with the 400,000-member TUL, the current agreed upon political power relationship of 9-6 in favor of the Social Democrats in the leadership of the TUL will change to correspond more closely with the structure of the membership.

Communists (SKDL) in the TUL have under their control six districts: Greater Helsinki, Varsinais-Suomi, Pohjanmaa, Oulu, Kainuu, and Lapland as well as the first secretary's position, which belongs to Ossian Sjöman.

#### Minority Stockholder in Workers' Firms

Only through banks and business enterprises owned by workers have the Communists been able to put their hands on directing the flow of money in Finland. SKDL Chairman Ele Alenius, who has been named to the directorship of the Bank of Finland, is a well-known non-Communist.

Communists and Peoples Democrats are minority stockholders in, among other things, the Social Democratic controlled E-co-op movement, workers' banks, and the insurance company Kansassa. Communist enterprises are primarily their own printing shops. A few co-op, for example, in Turku, Oulu, and Kemi are under Communist management such as the Kansankulttuuri Book Store. Communists control through their organizations reaches to the tourist office Lomamatka.

SKP leadership has frequently stated that the influence of Communists could be significantly more perceptible if the party were unified. The 10-year long public internal struggle and the taking over of organizations have exhausted the resources of the membership. Instead of political power Communists have struggled for power within their own party.

#### Central Committee Enlarged

Helsinki HELSINGIN SANOMAT in Finnish 2 Jun 78 p 11

[Report on speech by FCP Chairman Aarne Saarinen to the 18th Congress of the FCP at the Helsinki Cultural House on 1 June 1978]

[Text] By accepting government responsibility Communists can dispel the distrust which even the majority of the working people feel toward the aspirations of the SKP. This is how Chairman Aarne Saarinen justified the government decisions of majority Communists at the 18th Congress of the SKP, which began on Thursday in Helsinki's Cultural House.

The 3-day congress of the SKP, which is also a part of the party's 60th anniversary celebrations, is to be conducted without the taking of any votes.



The conflict between Taistoites and Saarinenites regarding participation in government can, however, still go on behind the scenes. The majority Communists in the group have a strong desire for the congress to bless its government decisions. The Taistoites are opposed to this kind of a plan.

The Taistoites and Saarinenites have not even reached agreement on the writing of their own history. The majority Communists argue that the Taistoite impression left on the history paper is too deep.

The opening day program of the congress was balanced in such a way that all of the leadership was able to make a presentation to the people. The main speakers for the party majority were Saarinen, SKP Vice Chairman Olavi Hanninen, the second man in the SAK, and Minister-First Secretary Arvo Aalto. They have both been mentioned as possible heirs to the mantle when Saarinen leaves the party leadership after 3 years.

SKP minority speakers were Vice Chairman Taisto Sinisalo and Urho Jokinen, minority ideologist and member of the Central Committee.

#### Hanninen Denied Class Conciliation

Hanninen opened the meeting with a half hour speech, in which he praised Leninist party principles and condemned class conciliation, a hypocritical revolutionary attitude, and stubborn employers.

Sinisalo defined the SKP as a national section of the international working class and as testimony quoted the late writer Maxim Gorki in stating that Lenin's teachings have not become obsolete since Lenin "lived in the future with half of his great soul."

#### Government Responsibility as a Barrier

The question of the attitude toward participation in government arose as a Berlin wall between the Taistoites and Saarinenites already on the very first day. Saarinen, Hanninen, and Aalto forcefully supported the importance of communist participation.

Sinisalo and Jokinen concentrated on the failures of participation in government, at which time Sinisalo warned against rejecting all the results of government cooperation: "Naturally, communist participation in every government has always brought some positive results although now, on the whole, the government is such that it does not make any good decisions."

In a 3-hour report on activities Saarinen emphasized the fact that history has convincingly shown that the most significant reform in social policy, labor legislation, and in other areas of domestic policy have been achieved when the workers' parties have been in the government together.

Election results and public opinion polls, on the other hand, indicate according to Saarinen that support for Communists has not declined because

of participation in government. He pointed out that the latest Gallup poll shows 19.5 percent support for Communists.

#### Saarinen Understood the Social Democratic Party

Saarinen admitted that a common line of understanding has not been reached in many issues with the Social Democrats, but he considered this to be understandable.

"The political power relationships in the country are such that even the Social Democratic Party cannot accomplish all of its own goals not to mention the fact that our maximum goals could never be reached."

According to Saarinen economic and domestic policy movements in a totally new direction is predicated on the fact that the majority of the people is giving its support to the workers' parties and especially the Communists.

The majority of the people's masses continues to feel distrust toward Communists, admitted Saarinen. He conjectured that in spite of assurances by Communists Finns do not believe that they will be able to retain freedom of speech, assembly, strike, and other rights if Communists have a decisive position in the use of power. "The problem is that we have not yet had the opportunities in practice to dispel such suspicions. Mere assurances and declarations are not sufficient."

#### Working People Vote for the Social Democrats and the Center Party

The Communist share of the constituency should be kept in mind when the results of government cooperation is evaluated, emphasized Saarinen.

"We should take into consideration the fact that our partners in government, the Social Democratic Party and the Center Party, also represent the country's working population, wage earners, and farmers, just as does our party and the SKDL. They enjoy the trust of the greater portion of these segments of the population. We cannot unilaterally dictate conditions of cooperation to these parties, but they must be mediated by means of negotiation and by using that mass support which is available."

#### Program Cooperation Was Offered

Saarinen offered to negotiate with the SDP on a common program of goals and actions, which would form the basis for a joint election campaign and which would be supported by the trade union movement.

Social Democrats have previously rejected such proposals from the SKP, admitted Saarinen. In his opinion the arguments of the SDP are not, however, sufficiently convincing.

"We hope that we can take a serious look at this question after the congress and by next fall at the latest."

Saarinen stated that the internal situation in the party has stabilized. The reasons for differences are not to be found in the government question, but deeper -- in feelings and in the past.

"The thoughts of dead generations still weigh heavily on those of the living, as Marx once stated." Saarinen crystalized the essence of the conflict.

#### A Ministerial Post Does Not Make One a Social Democrat

Aalto emphasized that since the war the Communist Party has been in the government 10 years and the question of government has only become an open conflict in the last couple years.

A few ministerial posts will not make Social Democrats out of Communists, stated Aalto in refuting the criticism.

He considered long-term cooperation between the left and the center also at the government level to be a desirable goal.

Aalto considered the Center Party to be a restless government partner, which wriggles and looks furtively in the direction of the Conservative Party.

Saarinen hoped that the Korsimo line would take hold in the Center Party: they are going so far to the left that they are terrified.

According to Urho Jokinen cooperation between the left and the center without any further considerations does not mean a domestic and economic policy opposed to the right, to the contrary. In Jokinen's opinion the weight of the right is felt and is perceptible in the government policy line, which "is in accordance with the interests of big capital".

According to Jokinen possibilities for a change of direction in domestic and economic policy decreased while the Communists were in the government.

#### Honor for Nautala

Numerous foreign guests will participate in the SKP Congress. The influential delegation of the Soviet Union will be led by G. V. Romanov, member of the Politburo of the CPSU Central Committee, member of the Presidium of the Supreme Soviet, and First Secretary of the Leningrad District Committee.

During the 3 days the meeting will treat a number of section initiatives. Among them, among other things, it has been proposed that Arvo Nautala, the former communist director of the SAK who was castigated by the Taistoites, be made honorary chairman of the SKP.

However, the Central Committee holds the opinion that one honorary chairman or Ville Pessi is sufficient.

## Central Committee Was Enlarged

On the first day the Communist Party Congress already made one decision. The regulations of the SKP were changed in such a way that the Central Committee, which is the highest authority between congresses, will be enlarged from 35 to 50 members. The members of the Central Committee will be elected on Saturday. The Saarinenites will receive 29 places and the Taistoites 21. In the old Central Committee the relationship was 20-15.

On Saturday the congress will approve five public statements in addition to a document on policy and history, in which there will be a discussion of the international situation, the neutron bomb will be condemned, participation will be urged in the international children's year, youth will be called upon for SKP activities, and a proposal will be made to preserve old party papers in the National Archives.

## Government Participation Defended

Helsinki HELSINGIN SANOMAT in Finnish 3 Jun 78 p 7

[Article: "Saarinen Majority Blesses Government Decisions by Communists"]

[Text] In spite of heavy opposition by the Taistoites, the Saarinen majority in the Communist Party will today receive some kind of a blessing by the 18th Congress of the SKP for the party's participation in government. Saarinen's supporters will have to be satisfied with the fact that Chairman Aarne Saarinen will state in the minutes of the meeting the majority's approval of the party's government solution and the minority's opposition to such a stand. A vote will not be taken on the government issue.

The 60-year history written for the party will be shelved. The Saarinenites do not approve of the content of this history with its Taistoite interpretation. The book will be shelved for "further discussion" by the Central Committee.

Nearly all of Friday was spent on a discussion of the party's participation in the Miettunen and Sorsa governments. The discussion was initiated by the Helsinki District, which proposed that the government solution be approved.

"The congress will approve the decision of the Central Committee regarding the participation of the SKP in a government of cooperation between the left and the center. Through participation of the SKP and the SKDL in government it has been possible to promote the development of cooperation between democratic forces representing the great majority of the people in accordance with the goals of the party," stated the Saarinenite Helsinki District in making his proposal to the congress.

In the decision support would be given to ministerial comrades with the reminder that "representatives of the SKP and the SKDL in the government have through their actions made a positive contribution to the continuation of



a social reform policy, restraint on inflation, and to actions to prevent unemployment and to alleviate its consequences as well as to guarantee the livelihood of workers".

The proposal of the Helsinki District to give the party's blessing to the question of participation in government was supported on Friday by eight other districts under Saarinen's control.

#### "Terijoki Government Is the Only Suitable One"

With strong words the Taistoites attacked the proposal of the Helsinki District by, among other things, announcing that the proposed decision violates agreements previously made at the congress.

"It is manifestly evident that it is better to be in opposition in the promotion of the party's main line than abandoning it in government," stated Seppo Toiviainen, a representative of the Tampere District, which is under Taistoite control. He stated that the policy line of the Sorsa government does not correspond with the policy line of the SKP.

In their speeches the Saarinenites sneered at the Taistoite attack stating that "no other government is suitable for the Taistoites than the Terijoki government".

#### Brezhnev Hoped for Unity

G. V. Romanov, director of the CPSU delegation, expressed to the SKP Congress the desires of General Secretary Leonid Brezhnev for "united and unified" action.

In the hallway the "Kremlinologists" interpreted Romanov's speech to be a call for unified decisionmaking when Romanov stated that he is certain that the SKP and its supporters "in supporting one of their unanimous decisions which the 18th Congress of the SKP will approve" will multiply their efforts in the struggle for socialism.

The Taistoites considered that Romanov supported the Taistoite line since Romanov emphasized in the solution of problems "a fidelity to Marxism-Leninism and proletarian internationalism". These terms were used abundantly by the Taistoites in their speeches and in their policy line definition.

Romanov expressed to Finnish Communists the hope of the CPSU Central Committee for the strengthening of ideological and organizational unity and presented as a gift of the CPSU a painting, in which Lenin is granting independence to Finland. The SKP received large red flags, among other things, from other fraternal parties.

### "Conflict Has Even Taken Away the Desire for Humor"

The strongest lecture of the congress was given on Friday by Kainuu District Representative Arvo Kempainen. He cited the Taistoites and the whole party by reminding them that the SKP is apparently the only communist party which has allowed the formation of differences of opinion without adopting organizational policy measures.

"Personal relationships have become inflamed, in an atmosphere of distrust we look for mistakes and deviations in others just as if we look for symptoms in our body pointing to suspicious and horrible diseases on our own on the basis of a home medical guide using all the information we can get our hands on. There is no fruitful discussion and criticism, in fact, we do not even know how to joke with each other any longer," stated Dr. Kempainen.

### Keijo Korhonen Again on the Firing Line

The Taistoite attack against Keijo Korhonen, assistant secretary of the Foreign Ministry, was also brought up at the congress. Jaakko Laakso, who spoke in the name of the Uusimaa District, castigated Korhonen for the fact that Finland's CSCE delegation was a passive outside observer at the follow-up meeting in Belgrade.

"The Finnish delegation was even making 'compromise' proposals to socialist countries, by which support would have, in fact, been given to the goals of certain NATO-member countries," stated Laakso.

Foreign Minister Paavo Vayrynen (Center Party) also received a portion of Laakso's attack: "Communists also expected that the Finnish Foreign Ministry would have presented to the UN Finland's negative position regarding the neutron bomb, especially since the President of the Republic had clearly stated our country's negative attitude toward the manufacture of such a weapon of mass destruction."

### Elections Today

The congress will conclude its discussions on Saturday morning and in the evening the actual decisions of the congress will be made or the political document, accounts, and public statements will be approved and the party leadership will be elected.

The Central Committee will include 29 Saarinenites and 21 Taistoites. Such old veterans as Aimo Aaltonen and Arvo Hautala will continue in the Central Committee. Hautala will, however, resign from the Politburo. Olavi Pokolainen, chief of the section on international affairs in the SKP, among others, has been mentioned as a successor. Otherwise the Politburo and the chairmen will remain as before.

## Saarinen Attacks Stalinists

Helsinki HELSINGIN SANOMAT in Finnish 4 Jun 78 p 7

[Article: "Saarinen Lectured Taistoite Groups"]

[Text] Communist Party Chairman Aarne Saarinen accused the Taistoites of incoherent and inconsistent speeches regarding the government question, an aversion to reform, and of "defaming" the SDP.

In spite of his adopted role as a castigator, Saarinen believes that the 18th Congress of the SKP, which concluded on Friday, brought the Saarinenites and Taistoites closer together.

Both camps admitted that a magnifying glass is need to measure the rapprochement. The ramparts remain as before and the party is guided by the same men as during the most vehement phases of the conflict.

Saarinen, Olavi Hanninen, and Taisto Sinisalo continue as chairmen. Arvo Aalto continues as first secretary and his deputy is Erkki Kivimäki. Saarinen has announced that he will resign from the chairmanship after this 3-year term.

The spot will be inherited either by SAK Communist Director Hanninen or Aalto, who raised his prestige during his term as minister.

The Communist Party conducted its 3-day congress without taking any votes in accordance with an agreement of the party leadership. Their threat subsided when a compromise was found on the question of government through Saarinen's mediation.

### Minutes of Meeting To Include Support for Government

Saarinen stated in criticizing the Taistoites in his concluding speech that the discussion on government indicated that the majority at the congress (278 Saarinenites) supports the SKDL ministers and the participation of the party in a government of cooperation between the left and the center.

The position initiated by a proposal of the Saarinenite Helsinki District was recorded in the minutes of the meeting. The Taistoites, who opposed ministerial communism, were satisfied with the solution.

Outside of the conference hall Saarinen interpreted the minutes to mean that objectively taken a decision was adopted at the congress to support government cooperation.

### The Short-Term Effects Will Be Fruitful

The question of communist participation in government was the main theme of the party discussion and a point of conflict during the meeting. Saarinen noted that no one in the hall questions government cooperation in principle or demands that Communists withdraw from the government.

According to Saarinen's analysis the nucleus of the conflict lies in the kind of politics that is considered to be possible in the current situation and under the present composition of government.

"Basically the question is whether we can influence other partial factors of government by direct or indirect interaction with them."

Saarinen said that he of is the same opinion as the majority at the congress that the short-term effects will be fruitful.

"For example, nothing will come of relations between a man and a wife if they are separate from each other -- at the very most it would be an illusion."

Saarinen also refuted the Taistoite opinions that short-term reforms will retard the revolutionary attitude of Communists.

In Saarinen's opinion the fear of contamination is indicative of uncertainty, a feeling of inferiority, and intellectual weakness, into which an experienced communist party should not succumb.

"I also do not understand," continued Saarinen "what is the thinking and experience behind the evaluation according to which our participation in government prevents the radicalization of the Social Democratic Party."

According to Saarinen this Taistoite concept implies that all the social democrat parties of Western Europe are more leftist than the Finnish Social Democratic Party since they do not, in general, cooperate with Communists. Saarinen observed that with this logic one could come to the conclusion that Vaino Tanner's SDP was more leftist than Kalevi Sorsa's SDP.

In spite of differences, the leadership of the SKP was hopeful after the congress that restoration of unity will gradually take place.

The leader of the SKP was left to wait for the decisions of the Social Democratic congress with regard to his offer of cooperation. Saarinen emphasized that he did not in any case need an election alliance with the Social Democrats even though he admitted that he intended to submit such a proposal.

Hanninen observed that communist proposals concerning an election alliance have previously been interpreted to be propagandistic for the reason that everyone knows that the social democratic position toward an election alliance is negative.



This time an attempt was made to avoid an excessively penetrating atmosphere. Saarinen admitted that even the creation of a joint election program is very difficult.

The congress was a part of the 60th anniversary celebrations of the SKP, which will culminate on Sunday in a march through Helsinki and in festivities at the Stadium.

It is believed that approximately 30,000 Communists will participate in the march.

#### A History of Communists Became Only a Resolution

The communist congress did not approve on Saturday a party history prepared under the leadership of Vice Chairman Taisto Sinisalo. It was to have solemnized the 60-year journey of the SKP. Saarinen's faction was ready to reject the whole book, but in order to avoid a vote and an open split a soft landing was arranged for the history. The history was passed on to the Central Committee for revision.

By means of compensation for rejection of the history the Taistoites obtained a 5-page resolution from the congress. In it the history of the SKP is declared to be creditable and honor is given to those who gave up everything, even their lives, in the 1920's and 1930's as well as during the war and to those who have been diligent to the party and the people's democratic movement.

The congress turned over the task of compiling a unanimous history to the new Central Committee. According to the decision "a document pertaining to the history, experiences, and principles of the party will be published on the 60th anniversary of the SKP", for which material will be obtained from the history draft prepared under Sinisalo's leadership and from stands contained in it.

Saarinen's faction compared the decision to transfer the history to the Central Committee to a vote without an election. Some people presume that the Central Committee will not be able to find unanimity from past events and evaluations and the history will finally be shelved. The actual 60th anniversary of the SKP is not until the end of August and the first part of September even though it is being celebrated today.

Sinisalo firmly believes that the Central Committee will come up with a history of the party.

Chairman Aarne Saarinen considered the compromise decision concerning the history to be satisfactory. The method of solution was Saarinen's invention.

## The Most Quarrelsome in the 1960's

Saarinen's faction viewed the history draft with disfavor especially for the reason that it was drafted under Sinisalo's leadership by two Taistoites, Seppo Toiviainen and Reijo Kalmakurje. Many in Saarinen's camp doubted that the party would approve a clearly Taistoite tainted history.

The Taistoites defended themselves by saying that it is not at all a question of a history, but of a political document.

The SKP has never succeeded in writing an official history.

Even though all mention of SKP disunity in the 1960's was left out of the history draft, there were still many points of contention in the form presented to the congress.

The Saarinenites wanted, among other things, to include in the history a mention of "the personality cult of Stalin in the 1930's when a number of party members and leading individuals were unjustifiably accused and condemned in the Soviet Union". The Taistoite compilers of the history did not consider this to be "essential".

According to the historical view of the Saarinenites "a significant change took place" in 1966 when an attempt was made to restore unity to the trade union movement and Communists joined Paasio's peoples' front government. According to the Taistoite view these events for their part "fed the aspirations of SDP hegemony in the trade union movement and increased the pressure for reformism in the whole workers' movement".

Also the point in the history draft concerning the transition to socialism remained a bone of contention. The Taistoites did not want to state that according to the program of the SKP the party is striving for a peaceful path to socialism.

## Demands Were Increased

As expected the communist congress approved the political document unanimously. The meeting gave the short-term program of goals the name "For a Democratic Change". The program presented to the meeting contained approximately 250 different demands for reform. They will still be increased and refined in the discussion by the committee.

In the resolutions approved by the congress there was a condemnation of, among other things, the actions of China's leadership and the neutron bomb. Also a call was made to celebrate next year's children's year, to bring young communists into the ranks, and to place party papers in the National Archives for safekeeping.

## FRANCE

### UNITY OF PCF INTERNAL OPPOSITION SEEN WEAKENING

Paris LE POINT in French 29 May 78 pp 62-63

[Article by Michele Cotta]

[Text] And now we have Jean Ellenstein, in his turn, cast into outer darkness, along with Althusser. Since the effort of the communist leadership to separate its two current adversaries, casting approbrium on the philosopher and indulging the historian, has failed, the two men are today thrown together in the same condemnation. Shirt open and face tanned, Georges Marchais, still on the ramp of the plane on which he flew in from Mexico last Tuesday, had for Ellenstein the same weighed and chosen words used by Paul Laurent the week before in scolding Althusser on behalf of the political bureau. Termed "frivolous" by Marchais, Ellenstein is charged with "opposing the leadership of his party," in other words of sponsoring a sort of "putsch" against Georges Marchais and his followers.

With its usual finesse, the Soviet Union is mixing into the affair as well. The Soviet weekly NOVOYE VREMYA, abundantly quoted and relayed by the Tass agency, called him "a 100 percent enemy of the Soviet Union and socialism in general."

Without going that far, at least for the time being, the French communist party leadership is participating in the attack. In all quarters it is struggling hard against the members of the opposition. In its eyes, nothing in any of the internal agitation justifies seeking a compromise with them today. There is not even any question of publishing the challenging views in L'HUMANITE. It would be better to persuade the heretics, one by one, that they have taken the wrong path. But the party hierarchy is betting first of all on a golden trump: the season. When the month of August comes, it is thought in Colonel Fabien Square, all of this agitation will settle down. After all, communist militants are Frenchmen like everyone else: when they splash into the water on their holiday, their problems will lose much of their edge.

But there is a second level on which the leadership plans to exploit its advantage: it is waiting, and it hopes it will not have to wait long,

for the first error on the part of the challengers. In particular, it hopes they will go too far, finally violating the sensibilities of the majority of the membership. Including those who are ready, while being polite about it, to criticize the rejection of discussion at the top.

The risk exists. Already, some signatories of the text of the 300 (Ellenstein, Althusser, Labica and Co.) have withdrawn their signatures, after LE MONDE published it. The reason given is that they did not know that the statement was to be published in the non-communist press. And even those who were in agreement with the principle of possible publication have resigned themselves to it, it seems, but without joy. For example, Dr Robert Weiss, of Marseilles, whom the LE POINT correspondent sought out at his home, said: "We published this text in LE MONDE for special reasons which do not exactly delight us. I have nothing to add." And Henriette Gaffiot, of Lyon, a professor and member of the secretariat, said: "I had something to say, and I said it in this text which was acceptable to me. I would prefer in the future to pursue the discussion within the party."


Thus one can see that a very definite party reaction is to be found among the signatories, and even the sponsors of the statement being circulated now. One step too far and all of the influence exerted within the party by Althusser or Ellenstein might crumble. There is no need to mention with what impatience Marchais is awaiting that "one step too many."

In particular since the challengers, at least those which LE POINT was able to interview, are not united on two points: the need for a real dialog within the communist party and the desire to avoid a return to anti-intellectual proceedings. "I signed because I believe that certain methods used with regard to the intellectuals, in particular toward Althusser, were insulting. But if there are some who want to continue the struggle on the public level, I would not be in agreement, among other things because I am afraid our ideas and our motives are misunderstood even within the Communist Party" (a Grenoble faculty member).

"It is necessary to launch a real debate, which would be the best result of the electoral campaign. I was greatly shocked by the monolithic stand, the self-satisfaction, the categorical criticism of our socialist partners in the Fiterman report. This is not a constructive attitude" (Monique Ouzilou, 44, University of Lyon II).

"I signed to register my feeling that things are not going well with us. Not to be tendentious, but to indicate that there is a lack of any democratic practice among us. I do not think we are sufficiently critical of ourselves. We let ourselves move--by we, I mean the leadership--toward a certain triumphalism" (a signatory in Marseilles). And another individual, a journalist for the daily LA MARSEILLAISE, said "One can never say again that the communists are robots, barracks militants. What I regret is that the party leadership insists on evidencing a monolithic attitude which is not real, but a facade."



As  as the rest is concerned, what then unites the various signatories? They do not agree, it seems, on the behavior of the socialist party. Some, such as the scientists who authored another statement published on 25 May, assign it "overwhelming responsibility." Others insist, to the contrary, that the responsibility for the failure of the left is shared equally by the communist and socialist parties. Some believe that what is wrong "dates from the abandonment of the dictatorship of the proletariat. In the short run, the party wavered," a woman member in Lyon adds. "The result was slogans of the 'make the rich pay' sort, but without specifying who is classified as rich. What should have been done was to redefine the new proletariat, which is no longer only that of the workers class." Others, on the contrary, find the weight of dogma too heavy.

But it is about the future, when all is said and done, that the signatories differ the most. To speak the truth, no one among them sees very clearly nor can even imagine what the communist party may become. They all reject, as if it were a matter of injecting the party with some shameful ailment, the prospect that various sectors or movements will develop within it. But each individual insists on being able to express himself. All voice the demand for a dialog with the leadership, but the fact is that a supporter of Althusser may refuse to engage in debate with a supporter of Ellenstein.

It is precisely here, in the difficulty encountered by militants, after 10 or 15 years in the party, in struggling out of its mold, that the leadership holds its strongest trump.

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CSO: 3100

## FRANCE

### BRIEFS

**BROADCASTS IN ARABIC**--Andre Rossi, former minister of Foreign Trade, now a UDF deputy from Aisne [Department in the National Assembly], has been charged by [Prime Minister] Raymond Barre with negotiating for the installation of a rebroadcast facility for French broadcasts in Arabic in the Emirates and in Saudi Arabia. [Text] [Paris LE POINT in French 19 Jun 78 p 43]

CSO: 3100

'I KATHIMERINI' STRESSES TRAMPLING OF MORALITY BY CARTER

Athens I KATHIMERINI in Greek 18 Jun 78 p 11 AT

[Editorial: "Expectations and Disappointment"]

[Text] The expectations of the Greek people that relations with the United States would see better days after Jimmy Carter's election as U.S. President were not the result of some metaphysical argument and analysis of new trends in U.S. foreign policy which allegedly Carter would bring with him. These expectations were exclusively based upon declarations by the new President in his pre-election speeches about the just solution which ought to end the dispute over Cyprus and the methods to be used in order to bring on the desired solution without Greek-Turkish relations "having to pass through" dangerous tensions.

There ought to be no surprise and absolutely no bitterness on behalf of the President and his administration because Greek-U.S. relations instead of following a course contrary to that followed during the Kissinger era and the era of the Attila operations they continue on the very same course with even greater obstacles. The U.S. President himself destroyed all the expectations he nurtured. Disappointment is, therefore, complete.

There is even something worse. This is something which merits special attention by the architects of U.S. foreign policy because the impressions it creates are not limited to the areas of Greece and Cyprus and to hellenism in general. It is "held" by worldwide public opinion as a critical characteristic of U.S. foreign policy. At a time when the struggle between the superpowers for the preservation or expansion of their influence is not exclusively dependent upon the force of arms, use of such characteristics only encourages a turn toward the opponent.

The new element with which U.S. policy has been enriched in respect to the Cyprus issue and which molds the feelings of hellenism toward this very policy is its absolute denuding and abandonment of every moral principle. This is a moral principle which, although it has no unfounded idealism and evaluations, it is unable to call upon a danger, possibly exaggerated, but

a tangible danger according to the estimates of the U.S. administration, in the name of which and for the sake of the interests of the Western world, it takes measures which are not too satisfactory for one member of this world.

The memorandum of the four senators and representatives, Brademas, Rosenthal, Sarbanes and Eagleton—according to which the U.S. administration made the "embargo" virtually ineffective by channelling arms to Turkey through some NATO "carriers"—deprives the U.S. administration of the argument about the danger arising for Turkey and consequently to the Western world as a result of the continued poor defensive situation of Turkey as a result of the "embargo."

Turkey is exposed to no danger from its "conventional" opponent since not only is it armed but it is even better armed than in the past. The fact that Turkey is sufficiently armed is not concluded only from the memorandum of the four U.S. authoritative personalities. It is also proved by the very simple statistical fact that at this moment Turkey is spending on its army a percentage of from 9 to 11 percent of its national income while in 1973 this percentage did not go over the NATO average, that is 4 percent. Where else would this expenditure go if not to the supply of arms and to expenditures for preparing for their "use"?

Why then is Carter so concerned about the lifting of the "embargo"? What else can justify this wish if it is not the desire to exonerate Turkey of the charge which keeps the embargo alive—that is, that it made a bad use of U.S. weapons supplied to it? Does not this automatically mean that the utilization of U.S. arms by Turkey for the perpetration of the most immoral and barbarous act in the post-Hitlerite era—the abolition of the independence and integrity of Cyprus—does not this incorporate—according to the views of Carter and his advisors—any sort of immoral compromise?

It is lamentable that the government of the strongest country in the non-communist world cannot manipulate the internal affairs of this world, which it wants to lead, in a better way. It believes that its policy of "this is the way I want it," supported by material might, is sufficient to guarantee, at every given moment, the solutions it wants.

What can Greece, and much less Cyprus, counter with? Can they counter with material might? This is ridiculous. They counter—and this is what must concern the officials of Washington most—with the proof of the fact that Washington attributes no special significance even to the need for some formal excuse even when it tramples morality and justice in the case of weaker countries. It is this conclusion which leaves nothing standing in the sentimental ties between the Greek people—and not only of the Greek people—and the rulers of America.



**'I AVGI' CONDENSES GOVERNMENT ECONOMIC MEASURES**

Athens I AVGI in Greek 18 Jun 78 p 1 AT

[Editorial: "Economic Measures and Orientation"]

[Text] After abortive labor pains of many weeks a series of new economic measures were announced yesterday. According to a government statement these measures are aimed at combatting inflation.

What is characteristic of this new economic policy is that it is considerably different from what has been periodically published in the press. The turn is definitely toward the right wing. Thus, without any fundamental measure for controlling prices, without any measure for controlling the galloping rents, state investments are being cut, while at the same time the institution of excessive incentives for industries in the capital's environs is being reinstated.

It is not our purpose here to criticize the government's policy. What we want to stress are the considerable changes made in all the proposals which affected the interests of monopolies, even to the smallest degree, thus giving some hope that it was possible to overcome the crisis.

It is obvious that the conflict continues unabated between the reactionary element within new democracy and those within its ranks who try to promote a more up-to-date viewpoint for handling current problems. It is at the same time equally obvious that this "progressive" element is suffering repeated "defeats" which started with the removal of Papaligouras [former coordination minister] and culminated in yesterday's announcement [of the economic measures].

This turn in the government's economic policy cannot leave the people without any interest. This is not a conflict within the ranks of the right wing which is of no interest to us, because the results of this conflict will be felt, most of all, by the people themselves. This policy also clearly indicates the direction in which the new democracy government is moving. Despite the furor around its "liberal expansion" its policy—at least in the

economic sector--it is dominated with an ever-increasing degree by the mentality of the pre-dictatorial ERE [National Radical Union]. It is subjugated to the goals it has set through its "crusade against the socialist mania" and to the reactionary elements of local and foreign capital.

CSO: 4808

'I AVGI' CRITICIZES PRC POLICY ON CYPRUS

Athens I AVGI in Greek 18 Jun 78 p 2 AT

[From the "Barbs" column: "China and the Cyprus Issue"]

[Text] The views of the Chinese Government on the Cyprus issue and the embargo, as explained by Chinese Foreign Minister Huang Hua during his recent visit to Ankara, caused painful surprise both among the Greek and the Cyprus people. Specifically, after clearly opposing the idea of the internationalization of the Cyprus issue, the Chinese diplomat stated that China "supports the peaceful solution of the Cyprus issue through negotiations in a way which is in accordance with the principles of equality of the two ethnic communities and with the participation of all interested parties in the negotiations." He completed his political position with the statement that China is prepared to sell arms to Turkey whenever the Turkish Government considers that the usual sources of supply for its arsenal have been exhausted.

Sincerely it is difficult for one—no matter how much goodwill one may possess—to discern any difference, even the slightest, between these positions and the "solutions" which U.S. imperialism and the leadership of NATO are fighting so hard, with so many plots, to impose in the eastern Mediterranean. This is because both the Turkish invasion as well as the continued military occupation with all its painful consequences are diligently not mentioned by either side and in the name of some unspecified equality they make no difference between aggressor and defender, culprit and victim.

The result of this viewpoint is to be found in the proposal for a four-power conference for the solution of the Cyprus issue which coincides with the U.S.-inspired proposal of the Turkish prime minister at the NATO summit conference which was rejected as unacceptable both by Greece and by Cyprus.

It is clear today that China, which intensifies its diplomatic activity in its effort to promote itself in the international field, is conducting a policy which serves its own interests as it interprets them as a third

power within the complex of differences of the modern world, not caring that the supply of arms to Turkey is contrary to the interests of other nations and clashes with the principles of justice and morality as is the case with the just cause of Cyprus. This creates a feeling of disappointment among the Greek people when they see a great socialist country virtually alining itself, no matter what the expediency may be, with the imperialists at the expense of the liberty of the oppressed brothers of Cyprus.

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## GREECE

### 'RIZOSPASTIS' SCORES PRC POLICY TOWARD CYPRUS

Athens RIZOSPASTIS in Greek 16 Jun 78 p 1 AT

[Editorial: "Imperialism's Allies"]

[Text] For some time now the imperialists of the United States and of NATO have secured "odd" support for their aggressive policy against the Greek, Cypriot and other people in the area, the same support they have found for their adventurist expansion in Africa and other parts of the world. Unfortunately it concerns the Chinese leadership.

In recent years, Peking's leaders have made strong efforts to infiltrate the broad area of the eastern Mediterranean and to undermine the struggle of the antiimperialist and progressive forces of countries and of the area. Currently, their true aims can no longer be covered up. They declare these aims themselves openly and without pretext.

China's Foreign Minister Huang Hua has paid an official visit to Ankara. The Cyprus issue was among the issues he discussed. What position did the Chinese leader assume toward the problem? He reaffirmed Peking's categorical opposition to the internationalization of the Cyprus problem, which currently is being demanded ever more imperatively by the struggling Cyprus people, all the democratic forces of Greece and all progressive humanity. What did he propose concerning the problem's solution? The convening of a quadripartite conference by the two communities, Greece and Turkey: That is, a "solution" within the framework and under the supervision of the United States and of NATO. The idea for a "quadripartite" conference was elaborated by the U.S. imperialists and was put forth by Turkish prime minister Ecevit at the recent NATO summit meeting in Washington. Cyprus president Kiprianou rejected it categorically. The Chinese leadership now comes out openly to help the efforts of the imperialists to deinternationalize the Cyprus problem and to effect its "settlement" within the framework of the NATO family.

This position by the leaders of Peking, of course, does not surprise anyone. Their truly unbelievable recommendations to the new democracy delegation that visited China that our country should support U.S. and NATO policy and that all Balkan countries should unite against the Soviet Union are still fresh in our memory.

We must call things by their proper name. The unbounded anti-Sovietism and the great-power policy of the Chinese leadership and leading it—naturally—in our area as well, to the side of the U.S.-NATO imperialists and against the vital interests of our people and the interests of the other people of neighboring countries.

This position by the Chinese leaders concerning the burning problems of our area, naturally, is not at all accidental but it falls within their broader policy of undermining and striking openly at the peoples' antiimperialist struggle. It falls within the policy for a common effort with the cold-war imperialist circles to undermine the process for international detente and the consistent Leninist policy followed by the USSR and other socialist countries to preserve worldpeace. It falls within the policy of undisguised support for the policy of a further intensification of the arms race being followed by the United States and NATO.

Some of the most typical recent manifestations of this policy of the Chinese leadership are:

Intervention in Zaire and open support for the neocolonialist military aggression of the imperialists.

It does not hesitate to open a front even against the heroic Vietnamese people by launching a great slanderous campaign against the Socialist Republic of Vietnam.

It holds talks with the cold war adviser of Carter, Z. Brzezinski, and agrees with him on the joint confrontation of the "Soviet threat."

It makes propaganda in all tones and in all directions stating that the Third World War "is inevitable." It asks NATO leaders to arm and prepare for it. The Chinese foreign minister unequivocally declared from the rostrum of the special meeting of the UN General Assembly: "We do not believe in the terror stories disseminated by the superpowers that a nuclear war will destroy all humanity."

It applauds the long-term program for new, exorbitant arms expenditures approved by the recent NATO summit meeting, a program which—in addition to the great dangers it breeds for peace—the Greek people and all workers of our country will be asked to pay for with their sweat and blood.

The Chinese leadership and with it the various local Maoist groups which, even after all this, criticize the United States and the NATO because "they maintain a position of compromise toward the USSR," have stooped very low.

This policy by the Chinese leadership opposes the Greek people's interests in their struggle to rid their country of the imperialist guardianship, and to achieve national independence and progress. The interest of our people and of all people who are struggling for freedom and for prosperity demands that Marxist-Leninist principles should prevail concerning the Chinese communist party's policy.

**RALLIS STRESSES CYPRUS DOSSIER CANNOT YET BE OPENED**

Athens I VRADYNI in Greek 14 Jun 78 p 3 AT

[Text] Foreign Minister Georgios Rallis stated in the chamber of deputies yesterday that it is not yet time for the opening of the dossier of Cyprus and for the conduct of a trial of those responsible for the tragedy of Cyprus.

Answering interpellations by deputies Tsoudherou, Papathemelis, Kaloudis and Kappos, Foreign Minister Rallis assured the chamber that the conduct of a trial on the Cyprus tragedy would not influence Greek relations with the United States and NATO but it would create a climate which would prevent preservation of the unity and concord of the Greek people.

Rallis stressed that there is no Greek "lobby" in the U.S. Congress and that allegations to the contrary are the product of Turkish imagination. He added that by supporting such a viewpoint we only play the game of our opponents.

Rallis explained that there are U.S. Representatives and Senators who move in support of the Cyprus issue motivated by their own ideology and not by Greece.

The Cyprus issue, Rallis continued, is being handled by the Government of Cyprus with the support of the government of Athens.

Non-implementation of UN resolutions is due to the Security Council which does not enforce sanctions. The minister clarified that the permanent members of the Security Council are responsible for this state of affairs.

Rallis stressed that the Greek Government is willing to participate in an international conference on the Cyprus issue. The fact that such a conference has not been held, he added, is due to Turkey which rejected a relevant USSR proposal and not to Greece.

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'I KATHIMERINI' ANALYZES KYPRIANOU'S REMARKS

Athens I KATHIMERINI in Greek 16 Jun 78 p 5 AT

[Editorial: "Important Ascertainments"]

[Text] The president of the Republic of Cyprus, Spyros Kyprianou, is known not only for his political virtues and abilities but for his extreme temperance and cautiousness in his statements and manifestations. He never speaks without first carefully evaluating his words. For this reason everything he stated on arrival in Athens the day before yesterday in connection with the work that was carried out regarding the Cyprus problem in the international field during Prime Minister Karamanlis' and his own visit to the United States is worth noting specially.

The president of the Cyprus republic said that important ground was won "in generally all areas that comprise the international society" and expressed the conviction that "the foundations have been laid for the further promotion" of the Cyprus case. Thus the Cyprus president confirms that which had been ascertained recently. Of course, as he himself also observed, all this does not mean that we are in sight of a solution for the Cyprus problem. Quite the contrary. Adversities and difficulties are many, great and well known. The criticality of the situation that is created by precisely these adversities appeared in relief during Prime Minister Karamanlis' recent stay in the United States and nobody forgets the Greek prime minister's observation, brimming with significance, that the developments of foreign problems are the interrelationship of factors that are not controlled by us. In this framework and under these general conditions, the Greek and the Cypriot leaderships in absolute harmony between themselves, by general consensus and admission, did everything that could be done. What has been done may not solve the Cyprus problem but it does constitute a positive step in the effort for its confrontation in relationship to the more general difficult and unfavorable conditions.

Hellenism, Greek and Cypriot, can be sure that the handling of its fate is being done with extreme responsibility and that its legal rights and its legitimate and vital interests will be protected.



We shall dwell on one more point in Spyros Kyprianou's statement. During his stay in the United States he explained to his interlocutors that a bad solution of the Cyprus problem would have unfavorable repercussions not only on this area but further along. This concerns an ascertainment of fundamental significance that has been repeatedly expressed, by this column too, in the last 4 years. A "solution" that would constitute a "diktat" and would be accepted by the Cyprus people would not be a solution and, with mathematical certainty, would lead to an explosion that could lead to a clash having inevitable "chain reactions" beyond the area and into the broader international arena, because of the successive involvement of the various interested parties—more closely or more distantly—forces and factors. The people who are in a hurry for a "solution" that would threaten the existence itself of the Greek majority of the island's people or those people who support "any" solution that would "wrap up" the issue and would rid them of a "headache" should not disregard this prospect. An artificial situation that would be unacceptable to the interested people would sooner or later lead to a violent explosion and to an even more serious—of unpredictable dimensions—crisis.

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**'I AVGI' EVALUATES CURRENT STAGE OF CYPRUS ISSUE**

Athens I AVGI in Greek 16 Jun 78 p 1 AT

[Editorial: "Two Prerequisites for a Positive Outlet"]

[Text] Now that the trips by Karamanlis and Kyprianou to Washington and the United Nations have ended, we have an opportunity to appraise the phase through which the Cyprus issue is passing.

The conclusion is that despite increasing pressure by the Americans and NATO and despite the fact that both are in a hurry for a solution at the expense of Greece and Cyprus so that the well-known unity of the southeastern flank of NATO can be restored, the resistance put up by Cyprus and Greece has created prerequisites for a positive move in the direction charted by the UN resolutions.

In his relevant, inspired speech, Kyprianou stressed the factor of resistance.

There will be no traitorous solution, there will be no Cypriot to accept it. Only a just solution will be possible. We shall strive for it regardless of the difficulties we may have to confront.

Cyprus and Greece are the goal of a long-term Turkish expansionist policy that is encouraged by the United States.

Making concessions to Turkish demands would lead downhill to a national disaster. In Cyprus and the Aegean the positions of hellenism coincide with the great principles of international legality.

Their firm defense, the resort to the people and the governments [of the world], the increasing affirmation that there will not be any traitors, all these things will build--perhaps slowly--but steadily international supports for a just solution within the framework of international legality.

Kyprianou's presence in Athens has confirmed the need for absolute identity between Athens and Nicosia, just like the pressures that were exercised in Washington confirmed the need for national unity in the dual demand for an equitable solution of the Cyprus problem and the defense of the Aegean on the basis of international treaties.

## BRIEFS

**PANHELLENIC TRADE CONGRESS**—The work of the Eighth Panhellenic Congress of Trade Representatives started at Kavalla today. Commerce Minister Georgios Panagiotopoulos opened the congress, stressing that government will consider with interest and determination the resolutions of the congress and will then adopt the necessary decisions. Panagiotopoulos recommended to the delegates to order the raw materials and products which they need at low prices while representatives involved in exports must make increased efforts for the export of Greek products. The government, Panagiotopoulos said, is particularly interested in both these phases because they decisively contribute to the development of the country's economy. The delegates were also addressed by Kavalla authorities and by representatives from throughout Greece and Cyprus. The work of the congress ends Tuesday. [Text] [Athens Domestic Service in Greek 1130 GMT 18 Jun 78 AT]

**GREECE-JORDAN ROAD AGREEMENT**—Following successful negotiations that were held in Amman, an agreement on road transport was initialed between Greece and Jordan. [Text] [Athens Domestic Service in Greek 1830 GMT 17 Jun 78 AT]

**IONIAN SEA OIL EXPLORATION**—The Public Oil Corporation will begin a number of undersea drillings in September in areas of the Ionian Sea that offer themselves for exploration according to recent findings. The drillings will be made by one of the largest international drilling companies specializing in this field with which the Public Oil Corporation yesterday signed an agreement. According to the agreement, the drillings must be completed by the end of the year. The expenditure envisaged will amount to \$10 million. In order for these drillings to be undertaken, the minister of coordination and the minister of industry and energy, Mitsotakis and Evert respectively, have signed relative decrees. [Text] [Athens Domestic Service in Greek 1830 GMT 17 Jun 78 AT]

**RALLIS LEAVES FOR IRELAND**—Greek Foreign Minister Georgios Rallis left this afternoon by air for Dublin. He will have talks with his Irish counterpart O'Kennedy on bipartite issues and on the accession of Greece to the European communities. He will also confer with the prime minister of Ireland and will be received by the president of the Irish republic. On Friday the foreign minister will inaugurate the new Greek Embassy building in Dublin and he will return to Athens Saturday. [Text] [Athens Armed Forces Radio in Greek 1400 GMT 14 Jun 78 AT]

**NIGERIAN PORT DELEGATION**—Next Monday a 3-member Nigerian delegation will arrive in Athens to visit the Ministry of Merchant Marine to be briefed on issues that concern the organization of port authorities. [Text] [Athens Domestic Service in Greek 1130 GMT 13 Jun 78 AT]

**KYPRIANOU ARRIVES IN ATHENS**—Cyprus President Spyros Kyprianou arrived in Athens at 1730 [1430 GMT] today. He will confer with Prime Minister Konstandinos Karamanlis on the latest developments and the further handling of the Cyprus issue. Speaking to the press the president of Cyprus expressed full satisfaction over the results of his U.S. and Paris contacts. "The presence of Prime Minister Karamanlis in the United States," Kyprianou said, "contributed to a gain of ground in all circles which comprise international society." Kyprianou then added that during his New York talks he reiterated the proposal for an international conference under UN auspices on Cyprus and for the adoption of measures by the Security Council for implementation of UN resolutions on Cyprus. [Text] [Athens Armed Forces Television Service in Greek 1500 GMT 14 Jun 78 AT]

**KKE (INTERIOR) SUPPORTS KYPRIANOU**—KKE (Interior) Central Committee secretary Bambis Drakopoulos and the party's parliamentary representative, Leonidas Kyrkos, yesterday visited the president of the Republic of Cyprus, Spyros Kyprianou, and had a cordial talk with him concerning recent developments in the Cyprus issue and especially on the battle that was waged in Washington and New York in the UN General Assembly. President Kyprianou expressed the viewpoint that the idea for an equitable solution of the Cyprus problem is gaining ground internationally and stressed that this is the result of Greece's and Cyprus' steadfast positions within the framework of UN resolutions. There will be difficulties, he said, but they can be surmounted. The KKE (Interior) delegation expressed the party's complete support to the Cypriot leadership and its opposition to multilateral pressures. It specifically stressed the significance of Cypriot initiatives for Cyprus' immediate demilitarization and the need for an agreement among the great powers for the implementation of UN resolutions on the Cyprus issue. 15 June 1978 from the KKE (Interior) Press Office. [Text] [Athens AVGI in Greek 16 Jun 78 p 1 AT]

**KKE SUPPORTS KYPRIANOU**—KKE Central Committee secretary general Kharilaos Florakis today met with Cyprus President Kyprianou. President Kyprianou briefed Kharilaos Florakis on the efforts he made at the special UN meeting on disarmament concerning the Cyprus problem and the difficulties he encountered. The president's new initiatives, especially his proposal for Cyprus' demilitarization, were considered, as is well known, by broad circles as being a significant element which in conjunction with UN resolutions can open the road for a just solution of the Cyprus problem. Furthermore, the position of the search for a solution of the Cyprus problem within the UN framework, in accordance with UN resolutions for a demilitarized Cyprus, is considered constituting a strong basis on which to seek an equitable solution



for the Cyprus problem, provided, of course, unequivocal support is given to this basis. Kharilaos Florakis reaffirmed the EKE's full support for the Cypriot people's struggle for a nonaligned, unitary, sovereign, demilitarized Cyprus and for the return of the refugees to their homes. [Text] [Athens ELEVTHEROITYPIA in Greek 16 Jun 78 p 16 AT]

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## NETHERLANDS

### RESULTS OF MUNICIPAL ELECTIONS REPORTED

Rotterdam NRC HANDELSBLAD in Dutch 1 Jun 78 p 1

**[Text]** The Hague, 1 Jun--CDA **[Christian Democratic Appeal]** supporters are increasing. PvdA **[Labor Party]** and VVD **[People's Party for Freedom and Democracy]** again lost, while D'66 **[Democrats '66]** managed to hold on to the rising trend. Moreover a certain restoration of support for the smaller parties is observed among the voters, 70.2 percent of whom went to the polls yesterday for the municipal elections.

The CDA's gain insofar as it can be measured nationally from the result of 169 comparable municipalities with almost 8 million voters is 3.3 percent with respect to the municipal election of '74 and 2.9 percent compared with the States elections of last March.

The PvdA maintained itself on the '74 level and lost 5.8 percent since the end of March. These loss percentages for the VVD are 1.9 and 1.4. D'66 scored 0.3 percent higher than in March and 4.8 percent higher than in '74.

Both the recognition of the CDA gain as well as disappointment over yesterday's turn-out percentage (1974: 65.4, March '78: 78.1) were rather general. However, in a comment on the result from Washington after the conclusion of the NATO Summit, Prime Minister Van Agt said he did have some understanding for the fact that the voters did not come out in such large numbers for the third election in a year's time. Also in view of the warm weather, he called the turn-out "altogether not too bad."

Opposition leader Den Uyl said "nothing to gloat about and also nothing to mourn about." However the PvdA loss with respect to the States elections disappointed him somewhat.

Little has happened in national politics in the last 2 months, and thus, in his opinion, we can speak of the "calm before the storm" (the cabinet's coming retrenchment report).

Den Uyl also attributes the PvdA loss partially to the restoration of the small leftist parties, which he estimated at a loss of 3 percent. Acting parliamentary group leader, Van Thijn maintained that the cabinet had not done so very well, but rather "has created a lot of sound and furor about the elections". And that, in his opinion, has been at the expense of the national economy.

### Loyalty

VVD parliamentary group leader, Rietkerk, stressed that the present coalition is causing the CDA to move forward more vigorously. "Apparently the voters want this governing coalition." He called some emphasis on the VVD's own views in the coalition "obviously necessary". He explained the loss of the liberals on the basis of a return of the VVD denominational voters to the CDA.

His CDA colleague, Aantjes, also saw that, but he pointed out at the same time that a much larger group of CDA voters have remained loyal to their group even with another coalition. Mr Aantjes said he had no need for a further emphasis on his group at the expense of other parties (either PvdA or VVD), but in the testing of the cabinet's policy, he especially wanted to stick to his own program "within the limits of the governing agreement."

For Dr J. Terlouw, D'66 parliamentary fraction leader, it was especially gratifying that his party, in spite of the considerably lower turn-out, still could rejoice in "a continuation of the trend" after the "stormy rally" of last March.

# Result 169 Places

Municipal 1974      States 1978      Municipal 1978  
percent                  percent                  percent

Turn-out = Valid	65.4	78.1	70.2
PvdA	30.7	36.5	30.7
D'66	1.0	5.4	5.7
PPR [Political Party of Radicals]	3.2	1.1	1.8
PSP [Pacifist Socialist Party]	1.1	1.1	1.6
PvdA-D'66-PPR-PSP	1.7	1.9	1.7
D'66-PPR	0.1	0.1	0.1
PPS [expansion unknown]-PSP	1.2	0.5	0.8
CDA	28.8	29.1	32.0
VVD	17.7	17.4	15.9
CPN [Communist Party of the Netherlands]	4.5	2.1	2.8
BP [Farmers Party]	0.4	0.2	0.1
SGP [Political Reformed Party]	1.3	1.0	1.2
GPV [Reformed Political Union]	1.2	0.8	0.9
RPP [Reformed Political Federation]	0.0	0.1	0.2
SGP-GPV-RPP	1.3	1.1	1.3
Others	5.8	1.6	3.2

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## NETHERLANDS

### EDITORIAL ANALYZES MUNICIPAL ELECTION RESULTS

Rotterdam NRC HANDELSBLAD in Dutch 1 Jun 78 p 7

**[Text]** He who seeks to discover a trend in the election results for the hundreds of municipalities which abound in our country, cannot escape one definite fact: the continuance of the growth of the CDA **[Christian Democratic Appeal]**. So that is about the only thing to go by for whoever would want to draw conclusions out of these results for general government policy. For it is a precarious matter to compare municipal elections with States or chamber elections: Conclusions are to be drawn by hook or crook only for a total of 169 municipalities, making up together not quite three-fifths of the Dutch population.

Then from this comparative survey, the first impression that leaps forward is that both large non-denominational parties--PvdA **[Labor Party]** and VVD **[People's Party for Freedom and Democracy]**--have very little reason to shout. Their only consolation would be that all growth ends at a given moment, or--to use the image of the rising elevator--that each elevator goes no higher than a certain floor and then drops back.

The PvdA must have experienced that from the Den Uyl result, which expressed itself so sharply in the chamber elections a year ago. Next to nothing has remained--a trend which appeared in the States elections in March. With respect to these elections, the PvdA's decline is remarkable, but also in comparison with the municipal elections of 4 years ago, the picture must come out negative rather than positive: Compared with a gain of a couple of seats in a number of municipalities is a loss of seats in other municipalities. Rather many votes appear to have flowed back to the small leftist parties (PSP **[Pacifist Socialist Party]**, PPR **[Political Party of Radicals]**, and CPN

[Communist Party of the Netherlands]) which were more or less "eliminated" by the PvdA the previous year. Meanwhile on the municipal level, the election result does not appear to have been all too favorable for the more leftist program groups.

The losses of the VVD both with respect to March '78, as in comparison with '74, appear—it has already been said more than once—to be credited partly to the governing coalition of CDA and VVD, which has operated since December of last year. Many voters of denominational origin, who earlier expressed their dissatisfaction with a vote for the VVD, have apparently returned to the mother church: it is naturally tragic for the VVD which obviously may act as a catalyst for the benefit of the CDA without helping itself.

However, it could be a consolation for the VVD that a loss of votes does not always need to be accompanied with a loss of influence, no more than a gain in votes always leads to increased influence: That is just one of the paradoxical phenomena of Dutch politics.

Another explanation for the disappointing election result for the VVD can be based on the participation at least in a number of communities of local slates "municipal interests" or other colorless combinations, which in practice often operate at the expense of the VVD.

Besides the CDA, D'66 also undoubtedly has reason to rejoice—for a good many voters obviously a reasonable alternative. If this party succeeds, continuing to present its own point of view and not playing "second fiddle" to anyone whosoever, it will surely be able to maintain itself for 4 years.

If a general conclusion is to be drawn for government policy with some good (or somewhat forced) will from these municipal elections, then it is that the present governing coalition is sitting rather firmly in the saddle. Unless naturally the VVD loses its nerve and allows itself to be tempted into a "self-assured" attitude. Perhaps Prime Minister Van Agt's moderate comment--yesterday from Washington--is a salve for wounded feelings.

Meanwhile the municipal election voters appear not to have appreciated too much the interference of national politicians, insofar as this has taken place--rightly so. He who tries too much to graft government policy on local politics commits

himself to clouding the issue. In any case, the voters have not allowed themselves "to be egged on" in droves and the rather many stay-at-homes have consequently expressed their will in their way.

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PS-CDS REACTION TO RECENT IMF PROPOSALS PUBLISHED

Lisbon AVANTE! in Portuguese 1 Jun 78 p 3

[Text] The so-called "Letter of Intent," sent recently by the PS-CDS [Socialist Party-Social Democratic Center Party] government to the IMF, expresses the official agreement reached by those two entities after a few months of more or less secret negotiations and signifies public expression of the government's yielding to large capital and imperialism. (It should not be forgotten that the IMF is a "corporation," in which each of the more than 130 participating countries holds a definite number of "shares," and that only 20 of the more industrialized capitalist countries--the United States, West Germany, Japan, France and so on--control about 62 percent of the votes in the "general assemblies.")

That "Letter of Intent" further shows, once again, the inability of the PS-CDS government to determine and implement an economic and financial policy adapted to the real situation and needs of our national economy, capable of bringing us out of the crisis and enabling us to advance toward the country's economic and social development. Such a policy would, of necessity, have to be different from the policy of capitalist, agrarian and imperialist recovery pursued up to now and known as a policy of deals, which served only to worsen our economic and financial difficulties.

The policy expressed in the agreement just reached between the PS-CDS government and the IMF shows a worsening of the deals of February and August 1977, those measures having been imposed, incidentally, by the fund.

The agreement to which the government subjected itself before the IMF can be summarized in a few points.

1. Decrease in Budget Deficit

Reduction in the deficit involves an increase in income and a reduction in national-budget spending. As everyone knows, the PS-CDS government resolved that problem in accordance with IMF's impositions, increasing taxes on workers (professional tax, complementary tax, transaction tax) and



decreasing expenditures for housing and subsidies for "market basket" products and services, as well as reducing allotments for financially strengthening nationalized firms.

This means that we shall build less limited-income housing, fewer schools and roads, that workers will pay more taxes, that there will be an increase in the price of bread, meat, fish, public transportation, electricity, water and so on, and that nationalized firms will continue to pay millions of contos of interest, making their financial balance difficult.

## 2. Quantitative Limit on Credit and Worsening of Interest Rates

Total net credit granted by the banking system (whether to the state, firms or private individuals), which increased about 170 million contos in 1977, will increase only 135 million contos in the current period, according to the IMF (1 year, beginning 1 April 1978).

All bank interest rates increased, the increase varying between 17.4 and 48.4 percent; the exception was credit for housing.

Thus, many firms will not obtain the credit from the bank, which they need to develop or just to maintain their activity, and the credit they do get will be very costly.

This means that many firms, principally the PME's [small- and medium-sized businesses], will become bankrupt due to lack of credit or to its excessive cost and that nationalized firms (because of high organizational capital makeup) will considerably increase their finance charges and their costs, which will increase the prices of national production in general.

## 3. Liberalization of Foreign Trade

As a faithful guardian of imperialism, the IMF always imposes the elimination of obstacles to imports, so that the potential to export surpluses from large capitalist countries is not affected. The PS-CDS government's yielding to the IMF also did not escape this measure of "liberalization" of foreign trade. As a result, and as expressly stated in the "Letter of Intent," there will be an elimination of import surtaxes, automatic authorization of import requests, and an elimination, over the short term, of the few currently existing contingencies.

This means that imports of nonessential, superfluous or luxury products will be facilitated; that millions of contos of foreign currency will be used to import luxury cars, Italian ties, English suits and so on, to satisfy the vanity of a few; that that foreign currency will be lacking to import wheat or meat essential for many; and that foreign products will be able to compete more easily with our domestic products in our domestic market, resulting in a reduction of our domestic products and a continuance of the policy of resorting to foreign loans to pay for imports.

#### 4. Continuance of Escudo Devaluation Policy

Although everyone knows the disastrous effects of the devaluation policy carried out in the packages of February and August 1977, the agreement imposes a new devaluation of 6.5 percent on 5 May and a continuation of the devaluation policy averaging 1.25 percent per month.

As the devaluation of the escudo continues to increase the difference between its real purchasing power and that of the currencies of capitalist countries with which we carry on most of our foreign trade relations, new increases in interest rates will occur, thus creating a vicious circle with disastrous effects.

The escudo devaluation policy means that imported meat will be more costly; that imported cotton, wheat, iron, machines and so on, will be more costly; and that, as a result, the price of bread, textiles, houses and so on, produced in our country, will continue to rise more and more. With their foreign currency (foreign moneys), foreign capitalists will be able to purchase more and more companies, lands and houses in Portugal. On the contrary, the country's exports will benefit little or not at all, either due to their rigidity or because their production costs will rise as a result of increased interest rates and an increase in the price of raw materials and imported intermediate products.

#### 5. Worsening of Workers' Living Conditions

The IMF stipulated that wages may not be increased more than 20 percent for a minimum period of 12 months. It did not, however, impose any limitation on inflation, that is, on an increase in prices.

As already mentioned, an increase in interest rates, a decrease in domestic production, a devaluation of the escudo, a reduction in budget expenditures and increased taxes will cause accelerated price increases, which will lead to new reductions in real wages.

This means that, even if Portuguese workers succeed in obtaining a few increases through contract negotiations or collective bargaining, their wages will serve to buy an ever-decreasing number of kilos of bread, meat, potatoes or rice and fewer shoes and less clothing.

#### 6. Worsening of Foreign Deficits

A reduction in national production (according to the terms of the agreement, the country's GDP is not permitted to increase more than 3 percent), caused by the liberalization of imports, an increase in the number of bankruptcies, and a decrease in the people's purchasing power, will cause an increase in imports, worsening the deficits of the trade balance and balance of payments, as was seen in the implementation of the packages. The worsening of the

foreign deficits will lead to an increase in the already disastrous foreign indebtedness (more than 220 million contos). The agreement itself, made with the IMF, foresees that net charges of the banking system alone will increase by about 82 percent between December 1977 and March 1979, going from 60.8 to 110.6 million contos at the current escudo quotation.

This means that imports of essential goods will be sacrificed to imports of superfluous goods, that, to import perfumes, we shall have to reduce the import of wheat, and that we shall be increasingly dependent on capitalist countries, which, under the false guise of friendship, go on lending us money with the aim of tying up our hands and feet and getting rid of our surpluses.

#### 7. Loss of National Independence

Finally, the agreement between the PS-CDS government and the IMF signifies capitulation to imperialism and alienation of Portugal's future, jeopardizing its national independence. In the text of the "Letter of Intent," it is specifically mentioned that, "during the period of the agreement, the government will consult with the fund relative to the adoption of any measures, which, through its own initiative, it considers appropriate."

If any proof were necessary to show that submission to the IMF implies that our country's economic and financial policy will henceforth be determined in Washington and not in Lisbon, it is in this agreement, clearly stated and signed by the Ps-CDS government.

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CSO: 3101

**CGTP-IN SIGN COOPERATION ACCORD WITH GDR UNION**

Lisbon AVANTE! in Portuguese 1 Jun 78 p 5

[Text] In a recent visit to the GDR, an official delegation of the CGTP-IN [General Federation of Portuguese Workers-National Intersyndical] joined the FDGB--Free German Trade Union Federation--in signing a cooperation accord based on friendship, collaboration and mutual support between the two union organizations. Received by Comrade Harry Tisch, chairman of FDGB's National Confederal Committee, the Portuguese delegation signed an important joint communique with its GDR counterpart, in which the two organizations decided favorably on convening "a new European Union Conference in the spring of 1979, as well as a regional union meeting, professional-union meetings and meetings of various branches of activity, to discuss questions of interest to organized labor and to all workers."

The visit, which took place in an atmosphere of mutual confidence, featured various meetings and conversations with union leaders and workers at their work stations. The Portuguese delegation, headed by Manuel Carvalho da Silva of the Executive Committee of CGTP-IN's Secretariat, joined the FDGB in characterizing the campaign of "attack and slander against socialist countries as ideologies of reaction, directed against the unity of the workers and unions."

Publishing the entire joint communique, the CGTP-IN indicated that "the two organizations congratulated and supported the decisions made by the 9th World Union Congress, in that they reflect the unified will of the workers in the struggle for peace, disarmament, clarification, defense and broadening of the workers' interests and cooperation between union movements of different orientations."

In the interest of the workers, their central representatives supported, during the conversations, "all measures adopted for the promotion of cooperation among union movements of different international orientations and affiliations, based on mutual respect for the sovereignty and independence of each union movement."



The FDGB delegation, headed by Comrade Johanna Topfer, vice president of the National Confederal Committee, joins the CGTP-IN in supporting the struggle of the Arab peoples, the South African peoples and the Chilean people, while, at the same time, manifesting their solidarity "with their Vietnamese working-class brothers in overcoming the results of the war and in building the socialist system in a united Vietnam," as well as all peoples already mentioned and the "remaining peoples of Latin America and their labor-union movements still subject to regimes of exploitation and oppression."

In addition to those union leaders mentioned, the delegations also included: Rogerio Dias dos Santos Torres, Maria Emilia Reis Castro and Jose Manuel Carinhas, for the CGTP-IN, and Heinz Neukrantz, Gunter Behnisch and Dieter Meisser, for the FDGB.

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CSO: 3101

## SPAIN

### SORIA NUCLEAR RESEARCH FACILITY AROUSES OPPOSITION

Madrid POSIBLE in Spanish 1-7 Jun 78 pp 21-25

[Article by Raul Garcia Aguilera: "Atom Bombs Will be Made in Soria"]

[Text] Over night, on 10 January 1976, Soria woke up with information that it had been graced by the first Council of Ministers meeting held after Franco's death, as the site of the second nuclear energy center to be located at the El Cubo de la Solana municipal district, "in the area enclosed between the Almazan-Soria Highway and the Duero River." Total investments for the 1976-1979 four-year period would total 4,176,000,000 pesetas and 600 jobs would be provided. No one had thought of requesting for Soria this type installation. Nevertheless, the local and provincial authorities hastened to submit a request to the high officials of the Soria Nuclear Center. Soria's takeoff was to be based on the atom, for this Castillian province did not seem to appear on the map for any other type of development.

The project was full of irregularities and contradictions. First: How is it that the Nuclear Energy Council could be both the petitioner requesting a building permit and the authority issuing the permit? Demographic reasons are given for the location of said nuclear center--possible accidents which could harm the poorest population--while, paradoxically, Almazan, the main and most prosperous industrial town in the province, is chosen. On the other hand, if it is a question of a harmless installation, why is it that the JEN [Nuclear Energy Council] has systematically refused to attend any public debate or discussion?

The JEN whose director is, naturally, a Soria native, born in Almarza, is displaying amazing cynicism. The decision concerning the site of the nuclear center had been made a while back, as is confirmed by the fact that JEN had already purchased the 647 hectares of the Valverde Farm belonging to Casimiro Frances, a rich Navarra land owner, seemingly not very eager to sell it, not needing the money. The sales contract which, according to unofficial sources, would be between 60 and 80 million pesetas, stipulated that he would regain possession of the farm should the nuclear project be

abandoned, and that the JEN assumed the obligation to employ the five workers. Furthermore, it is strange that the most zealous supporter of the center, Fidel Carazo, an attorney under Franco and a senator under the monarchy, submitted his candidacy to the council for mayor of Soria and was elected on 1 February. It was the capital's mayor, as president of the union of the 150 towns of Soria and its land, that, together with the municipal corporation, had the right to authorize the expropriation as "public domain" of the other part of the land--over 1,000 hectares--where the center is located, an area expropriated by the nuclear state body.

### "The Dye Is Cast"

The coincidence becomes even more revelatory should we consider Mr. Carazo's picturesque principal role in this matter. According to his statement to LA ACTUALIDAD ESPANOLA, published in its 4 October 1976 issue, Perez de Pricio, then minister of industry, and past director general of energy, had promised him, in the course of a joint airplane trip, to remember him and Soria, had called him two days before the meeting of the Council of Ministers, telling him that "he had to decide on the spot whether or not Soria wishes the energy center installation. You must make the decision yourself, for the answer must be immediate. If you are unwilling, I shall not submit it to the Council of Ministers on Friday the 9th." Pressed, Carazo answered: "I personally assume responsibility for this project." He considered "the dye cast."

The then civilian governor expressed his view with an equally authoritative talent at a meeting held on 6 February in Almazan attended by farmers and neighborhood people who, worried, were asking for details on the nuclear center: "I have made efforts to bring the nuclear center to Soria, and here it stays." Power or silence were the only explanations. The counter-effect was triggered: Mistrust grew and so did demand for information. The local information media (Radio Juventud de Soria, of the Movement's network; CAMPO SORIANO, owned by the COSA, and SORIA-HOGAR and PUEBLO, owned by Carazo, the last two published three times weekly) bombarded public opinion with an official pro-nuclear campaign, while blocking the publication of many documented articles opposing the nuclear center.

Judging by the way in which the JEN, an official body under the Ministry of Industry, has imposed the center with the blessing of some authorities, the Soria people whose requests for development based on agricultural, livestock, and forestry resources had been always ignored by the administration, feared the nuclear gift is a trojan horse and that instead of promoting the recovery of the most neglected Spanish province it would lead to its destruction. The final and irreversible power takeoff is suspected.

That same JEN which is promoting the center allowed in its study of long-term developments that by the year 2030 Soria Province would have a population only slightly higher than the present.

If that were not enough, according to the bimonthly EL PENDON, a Castille-Leon review, reported in its issue No 1, in an unrefuted article, that the establishment of the nuclear center would be only one of the three poles--the establishment of a military zone in the underpopulated Tierras Altas and the building of the Gornaz Reservoir, which would remove 50,000 hectares of the rich bank along the Duero, affecting 24 villages, being the other two--of an overall plan for the destruction and dismantling of Soria Province which would no longer exist as an administrative entity, the balance of its territory unaffected by these projects being annexed by the neighboring provinces. Previously, in a rough draft of the regional reorganization of Spain, the Castillian province had been incorporated with Aragon.

### The Blackmail of False Compensations

In over two years since its approval, some 50 million pesetas have been invested in the nuclear center, for the building of internal communication facilities, the weather tower, the fencing, and the outfitting of an existing building in the Valverde Farm. The JEN is employing some 20 people and its technicians show up occasionally in the Lubia Hamlet, eating with the mayor who, nevertheless, claims to be against the nuclear center, and tries to gain support by distributing notebooks to the children.

The various sectors of the Soria population are mostly resigned. "They rely on force and the only thing the people think about is the compensation," claim the Almazan parish priests. Juan Ignacio Saenz Diez, UCD [Democratic Center Union] deputy for Soria, who considers that "the nuclear center is not, in itself, beneficial," acknowledges that not even the closing down of the enterprises of the controversial Pais Vasco has had any noticeable impact in the province. The establishment of some areas as preferential zones for industrial development (the capital, Almazan and Burgo de Osma-San Esteban de Gornaz, leaving on the margin other areas such as Agreda, and Berlanga de Duero or Pinares) merely attracted very few small businesses. On the other hand, since 30 May 1977, date at which the entire province was qualified as a preferential area for agrarian industry, only two offers have been made for the building of a meat products cannery and a refrigerated hog slaughter house which were considered on a preferential basis, with possibilities for opening 250 jobs in the capital city.

### An Anthology of Absurdities

Sadly, proof is emerging that the choice of Soria Province as seat of the nuclear center meets the guarantees given by some attorneys and other authorities to the effect that "nothing will happen here; the people are under control."

The tensions, use of violence to break up demonstrations, and the numerous obstacles raised to the holding of conferences, round table discussions, and other public actions have not been able to prevent the Soria population from becoming aware of the nuclear problem. For lack of a better



reason, the Soria powers have promoted the old rehash that the communists were behind the anti-nuclear opposition, ignoring the great development of nuclear energy in the USSR and the CEMA-member countries, despite the power resources of their extensive coal and petroleum reserves.

Black gold has been another battle horse. The unimaginative high and mighty have launched the idea that the Arab countries have come to Soria distributing petrodollars and setting up harems right and left with a view to orchestrating a big anti-nuclear campaign despite the knowledge that on the problem of energy monopolies and multinational corporations rely and rule through other individuals. They know that the U.S. Westinghouse and General Electric, which supply half of the nuclear markets in the world are connected, respectively, with Gulf Oil and Exxon. The latter is the leading world oil company which has intelligently set up a branch to commercialize "clean" solar energy in the future, the Solar Power Company. Furthermore, the Chase Manhattan Bank, the fifth biggest bank in the world, belonging to the Rockefeller group, controls Exxon, Mobil Oil, and Socal.

At the peak of his atomic delirium, Carazo, the revived Torquemada of the anti-nuclear forces, who has said that "if in order to save Soria 1,000 hell factories would be necessary I would bring 1,000 factories," has asserted that "within very few years the nuclear center will increase the Soria population by 15,000 families over and above the current population." This is being said while the director of the JEN himself, Mr. Pascual has stated that "only half of the 600 jobs could be taken by Soria people." This estimate itself is quite optimistic, considering that Soria does not have the type of qualified technicians which account for most of the personnel of nuclear installations and that the people of Soria who could be employed, after a rigorous choice, considering the strategic nature of the nuclear center, would be engaged in secondary activities (doormen, cleaners, etc.). On the other hand, of the money to be invested, 3,619,000,000 pesetas will be spent on equipment purchased not elsewhere in Spain but in the United States which is the main producer of advanced nuclear technology. Only a small percentage of the remaining 1,557,000,000 pesetas to be invested in the infrastructural part, will go to the province, the contract having been given by a big specialized construction company.

#### No Benefit

With the inauguration of a public information campaign, on 24 February 1977, and the submission, despite the short deadline (30 work days) of over 10,000 opposing signatures, in addition to those collected in Soria Province, Hermandades and Labradores, and other settlements in the Duero Valley--the Valladolid committee acknowledges the receipt of information on the nuclear research center before its neighbors' objections--the anti-nuclear opposition has become incontestable. On 18 March the Almazan municipal government resigned after a popular demonstration. The civil governor refusing to accept the resignation, was forced to submit officially the argument to the Ministry of Industry.

The document emphasizes the moral incompatibility of the JEN in being both judge and involved party, and the serious danger presented by the manufacturing of nuclear arms in the center, bearing in mind that Spain is not a signatory to the Non-Proliferation of Nuclear Arms Treaty. It also mentions the risks of air and water pollution, particularly serious, since they effect the Duero, an international river, to which must be added the seismological instability of the area selected as the site--there have been six substantial earthquakes in the past 200 years--and, above all, the vagueness and inadequacy of safety provisions and a daring ambiguity considering the high level radio toxicity of plutonium and the great material and strategic value of the installations, constituting a case of neglect of worldwide standards in this matter. This "repugnant industry," the text of the presented objections concludes, rejected by all, aims at "using Soria Province as a testing ground serving multinational companies." Rather than promoting its recovery, "it could increase the existing depression by promoting emigration and the closing down of certain basic, food, and livestock industries as the consequence of a substantiated general nuclear terror psychosis." Conversely, "Soria and its settlements and, in the final account, the national economy" would greatly benefit if this amount of over four billion pesetas allocated for the nuclear center "were to be invested in the infrastructure, in the promotion of trade, and of the livestock, timber, farming, food, and tourist industries." This amount would be more than adequate to enable Soria Province to reach the income level of any other average type province in the country by creating jobs, putting an end to emigration, promoting investments, and so on.

#### An "Investigation" Which Could Result in an Atom Bomb

As the rubbish of official information is being swept off, a number of people, experts or not, have expressed their suspicion that the Nuclear Research Center No 2, hastily approved by the Council of Ministers at its 9 January 1976 meeting, to be located in Soria Province, would consist simply of an "investigation." This is not an expansion of the existing Moncloa facility in Madrid. An eloquent disparity exists between the 10 hectares of the latter and the 1,161 hectares--protests having been able to reduce the initially planned surface of over 3,000 hectares--of the Soria center. Furthermore, bearing in mind the availability of all kinds of major facilities, the most logical solution would have been to place the center elsewhere, not far from Madrid.

Furthermore, let us point out the following concerning the scope of the planned installations for the Soria center which will use the waters of the Duero and its affluent the Mazos: The JEN III reactor, isotope production laboratories, a CORAL II reactor (of the super generating or fast type), and the manufacturing of fuel elements for research reactors--expressedly mentioning the possibility to sell them to Chile and other countries--a pilot installation for the treatment of spent fuel, treatment and recycling of radioactive waste, a laboratory for work with plutonium, a radiation unit for multiple use, a ML-4 sodium circuit, and fusion research.

The most sophisticated and dangerous processes of the nuclear cycle are the ones included in the Soria center. They are also the most criticized worldwide. Spain, which totally depends on the United States in the area of nuclear technology, is plunging into experimentation with a fast breeder reactor whereas the Oak Ridge prototype in the United States has been shut down after an investment of \$1.7 billion. The fast breeder reactors use and "regenerate" plutonium, a basic element in the manufacturing of atom bombs. In the view of ecologists and experts, in this case this would be the target.

The strategic-military nature attributed to the CIN II agrees with the statement made by Mr. Arellano, then minister of foreign affairs, on 6 March, in the sense that within a short time Spain would become a nuclear power, as well as similar statements such as the claim for "national independence." The type of authoritarian society with a rigid technological-bureaucratic structure, implied by nuclear energy, is being selfishly ignored.

To Pedro Costa Morata, author of the book "Nuclearizar España" [The Nuclearization of Spain], this "integrated reprocessing and storage center," as it is described by its promoter, the nuclear energy council, "there is a 90 percent probability that highly radioactive solid waste will accumulate, for the recycling or remaking of radiation fuel." It was recently confirmed that the explosion of a deposit presenting the same features in Kyshtym [USSR] in 1958 caused hundreds of deaths and the loss of 2,000 square kilometers of farm land.

We must remember that no more than 10 kilograms of plutonium would be sufficient to build an atom bomb similar to the one which destroyed Hiroshima and that currently Spain must haul the radioactive waste of its centers to plants in La Hague (France) or Windscale (Great Britain), the United States not allowing any on its territory. Costa argues that "political will alone stands between recirculation and the bomb. The Soria nuclear center would end up by being an essentially military installation. The bomb can not be hauled." Another factor to bear in mind is the military status of the JEN high officials and the disciplined cohesiveness of its entire personnel.

The Second Nuclear Energy Center is shaping up as the center of the nuclear development process, expectations on the part of the Spanish population for power consumption having been changed, among others. "It is becoming unnecessary," P. Costa argues. "It is a question of a subsidiary center of the big energy plan of 1975. Whereas the plan has been reduced in terms of expansion and content, and if the struggle of the anti-nuclear forces would reduce it even further, its implementation would be unjustifiable not only for the present but for the next 10 or 20 years as well."

Soria: What Is Left?

Size of the province: 10,287 square kilometers;

Population in 1960: 147,052;

Current population: 93,583;

Population density: 9.1 per square kilometer;

National Statistics Institute prediction: one-third of the population living in the capital city and another third consisting of people over 50 years of age.

#### The Nuclear Colonization of Spain

According to the 1975 National Energy Plan, by 1985 Spain should have 28 nuclear power plants generating 56 percent of the total electric power, with an approximate potential of 35,000 megawatts, compared with the 1,120 megawatts generated by the current 3 power plants in operation. As we may see, such installations are located along the main rivers and seas of the country. Nevertheless, and regardless of the growing popular opposition, increased cost--Uranium, whose worldwide reserves will be exhausted by 1990 has increased in price from \$6 per pound in 1972 to over \$40 today; the construction of a nuclear plant, costing approximately \$300 million in 1973 currently exceeds \$1 billion--along with control over exports of this type of technology to Spain, since Spain is not a signatory to the Treaty on the Non-Proliferation of Nuclear Arms, have made necessary the revision of the plan. The new energy plan, approved by the government on 2 May, stipulates that 13 power plants will be operating by 1987, with an installed capacity for 10,500 megawatts, generating 35 percent of the total electric power. Not one of the power plants under construction will be closed down.

5157

CSO: 3110



# FIFTY PERCENT OF MILITARY NEEDS FULFILLED DOMESTICALLY

Madrid ACTUALIDAD ECONOMICA in Spanish 27 May 78 pp 16, 18-19

[Article by Jeronimo Martel: "War Industry: Fifty Percent Domestic"]

[Text] Out of the 40 billion pesetas which the Spanish Armed Forces invest in weapons every year, half go for orders filled by the national war industry and the other half for imports. According to experts, the agreements with the United States have had a negative effect since the material supplied by virtue of the accords have halted orders placed by the FAS with Spanish industry.

A few days ago, weapons engineer Jose Seijas, acting director of CETME [Center for Technical Studies of Special Equipment], summed up the current situation of the Spanish war industry for ACTUALIDAD ECONOMICA.

## Commercial Deficit

"It should be noted that there are areas of military technology in which we are independent and in which we can even compete with foreign countries. With respect to traditional and conventional infantry weapons, for example, rifles and machine guns, mortars and antitank grenades, short-range anti-aircraft defense weapons, heavy guns and antitank ammunition, and so on, these things are what we export. However, in other areas, we are totally dependent on other countries, at least with respect to the planning and design of weapons."

The solution which Seijas sees to this ambivalent situation corresponds to the most reasonable economic definition: "This dependency on other countries, particularly with the most advanced technology, should not alarm us, for it exists in all countries except for the great powers. Spain cannot even aspire to such advanced technology, which is enormously costly, because it would not even be compensated for by our level of production. What should concern us is the deficit in our military trade balance and what we must do is to invest our spending in research and development in areas of production to which our tradition would point."



## Industry in 1920's

For its part, research in professional military electronics has a name that is equally famous in Spain, that of Javier Aguirre de Carcer, executive president of the two enterprises of the INI [National Institute of Industry]: Industrial Experiments, Inc. (EISA) and Electronic Equipment, Inc.

Speaking to ACTUALIDAD ECONOMICA, Aguirre de Carcer gauged what could be called the negative aspect of our military technology. His viewpoint goes beyond tradition to progress, is based, rather than on a principle of comparative specialization, on an indispensable condition of competitive and operational survival, and is the viewpoint of weapons systems, electronic control characteristic of all sophisticated modern weapons.

Aguirre de Carcer agrees with the lucid analysis of Díez-Alegria, previously quoted: "We do not have our own military technology. The reason is not only economic, far from it. Rather, it emerged from our bilateral relationship with the United States. After the poverty of our postwar period and the ensuing international isolation -- precisely when the tremendous boom in electronics came about, due to the very experience of the world war and the immediate cold war climate -- came the rapprochement of Spain and the United States, based on agreements that provided for the extended delivery of large quantities of military equipment. As a result, during that lengthy period, the FAS placed practically no orders with Spanish industry except for conventional light weapons and naturally including munitions. That is why our military industry has lacked its own technology, for it is based on a real vicious circle: The recognized lack of technology means that the FAS will justifiably lack confidence in it when it comes time to place orders.

"That circle is now beginning to be broken for the simple reason that the United States provides us with few weapons and makes us pay for them. It is too bad that the circle was not broken by a clear government policy, tending toward the development of a real military industry of our own, for in the final analysis, it must be said that the development of our military industry, from a time when it was on the European level -- in the 1920's, when we were able to build squadrons among the best in Europe -- has far from kept up with the advancement of our civilian industry."

## Land, Air and Sea

The Center of Technical Studies for Special Materials (CETME) was founded in 1949 under the direct dependency of the National Institute of Industry, with the task of developing weapons for the Spanish Armed Forces so that they might be manufactured in series by the national enterprises of the INI. It is surprising that already 29 years ago, the administration was concerned with the production of weapons designed in Spain in order to avoid paying royalties for the production of foreign materiel. Furthermore, such production under foreign licenses presents the disadvantage of implying clauses prohibiting sale to other countries, which limits the manufacturing possibilities of Spanish enterprises.

Their most important recent achievements include: the new 5.56-millimeter CETME short combat rifle with double the normal performance -- already being produced and undergoing broad experimentation -- which weighs 1 kilogram less than the current regulation rifle and which carries 30 shells in its clip instead of 20; the CETME light machine gun of the same caliber -- the first prototypes are already designed -- which uses the same ammunition; the CETME double gun carriage for 20-millimeter antiaircraft cannons, already being used by the army (CENTAURO): "a chassis equipped with a mechanism enabling the cannon mounted on it to move back and forth" is the definition of the gun carriage for the DLE [expansion unknown]; the "Meroka," a 12-barreled weapon with simultaneous firing which has a naval version and which can be towed and mounted on a carriage; and finally, different developments in the area of artillery ammunition, gunpowder and explosives.

### 30,000 Persons

The military industry is made up of three types of enterprises that produce weapons: the private enterprises, the nationally-owned companies -- including the Santa Barbara National Enterprise, which has taken over most of the former weapons factories of the Ministry of the Army, and the Bazan National Enterprise which builds military vessels -- and the factories that still come under the Ministry of Defense. According to the most current and most reliable estimates, this sector employs 30,000 persons and produces 20 billion out of the 40 billion pesetas worth of weapons which the three branches of the armed services buy a year -- the remaining 20 billion pesetas worth are imported -- and the sector also accounts for a considerable portion of our 1977 exports. In Chapter 93 of tariffs, weapons and munitions show a total of 7,433,800,000 pesetas, with a high proportion corresponding to military weapons. At the head of the list are the firms Esperanza and Company (2,107,582,000 pesetas), the Santa Barbara National Enterprise (1,775,912,000), Instalanza (571,195,000), Placencia de las Armas (369,607,000) and Alaveses Explosives (356,920,000).

With its six factories, 4,118 employees, its invoicing in 1977 of 6,894,000,000 pesetas -- an increase of 50 percent over the preceding fiscal year -- and the positive sign of its most recent economic fiscal years, is proud to manufacture the well-known AMX-30 tank, which has a French patent and for which it has subcontractors of the prominence of Bazan, EISA, ENOSA [expansion unknown], ENASA, Placencia de las Armas and another long list, making up practically the entire national military industry.

Lt Gen Carlos García Riveras, president of the enterprise, told ACTUALIDAD ECONOMICA of the sector's prospects and of its own manufacturing processes. He said that in specific areas of conventional weapons, it is on a par with France or even Germany. With respect to the AMX-30 tank, he announced that it will soon be 75 percent nationalized.

Bazan, which has the size needed by an enterprise that builds warships -- its basic capital is 1.4 billion pesetas and in 1977, its total volume of production of warships and merchant vessels amounted to some 25 billion

pesetas -- has three factories: in El Ferrol, Cartagena and San Fernando. It has 14,000 white- and blue-collar workers. In the development of its own projects and therefore, Spanish prototypes, it is now perfecting an open-type corvette series of its own design, construction and testing, to be used by the Spanish navy. It is now working on a frigate project and an aircraft carrier project.

In sizing up the sector and explaining the scope of the enterprise to ACTUALIDAD ECONOMICA, its president, Angel Morales, emphasized that military vessels demand advanced technology, since they are the synthesis of many industries. Consequently, they require a great mobilization of the auxiliary civilian industry.

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CSO: 3110

MUSEL PORT POSSIBLE NEW OUTLET FOR SOUTH AFRICAN COAL

Madrid ACTUALIDAD ECONOMICA in Spanish 27 May 78 p 25

[Article by J.M.V.: "Musel: A Future Superport?"]

[Text] In the years to come, the Musel port in Gijon could become the site from which South African coal would be distributed to Europe, thereby surpassing the port of Rotterdam. The Transvaal Coal Owner Association (TCOA), which ships 6 million tons to Europe a year, is studying the possibility of having the ships which come from the southern cone of Africa unload the coal at Musel, from which it would be redirected to the rest of the European nations.

ACTUALIDAD ECONOMICA has learned that talks between the South African mining company and Spanish authorities took place within a framework of maximum discretion due to the international boycott now being imposed on South Africa because of its policy of apartheid.

The TCOA representatives believe that the features of the Gijon exterior port are adequate for it now has modern mineral unloading facilities customarily used by ENSIDESA [National Iron and Steel Enterprise, Inc.]. The Moliner pier, with a little over 14 meters in depth, could accommodate ships of up to 100,000 tons, similar to those which Transvaal uses to carry coal to Europe.

It is the intention of this company to build a coal storage base at which it could unload the contents of the large ships. Vessels of 20,000 to 25,000 tons would then redistribute the goods to the rest of the European ports. In principle, the volume of coal stored would vary between 2.5 and 3 million tons annually, but this amount would gradually increase until it covered the total sales which the TCOA makes to Europe annually.

If the storage dump were set up, South Africa would compete directly with the Soviet Union, a country which to date has supplied the coal going to Spanish steam generating stations. The company's intentions would be favored by the completion of a decisive project at Musel: the construction of a new mineral pier in the inner harbor, with an initial budget exceeding 1 billion pesetas. The new pier could accommodate ships of up to 250,000 tons.

#### Labor: Serious Difficulty

However, the TCOA might encounter major obstacles in the position of the Gijon port workers, who refuse to work special schedules. Their position was made clear during the stay of the South African "Nortrans Elma," which on 14 May arrived at Musel with a load of 35,892 tons of coal for an Asturian steam generating station.

The consignees had estimated that 10,000 tons could be unloaded per day, using the traditional 12-ton cranes and setting up three work shifts that would operate around the clock. However, the port workers refused to comply with the schedule of shifts and the unloading operations were performed at an average rate of 3,000 to 4,000 tons a day.

It is estimated that every extra day in port cost the "Nortrans Elma" some 700,000 pesetas. The South Africans view labor as a future problem facing its project, one that might destroy the interest they have shown so far and prevent the achievement of the great range of possibilities for bigger operations for the South African-Gijon line.

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CSO: 3110



## SWITZERLAND

### PROSPECTS FOR NEW TANK DEVELOPMENT EXAMINED

Zurich NEUE ZUERCHER ZEITUNG in German 26 May 78 p 25, 26

[Article: "Continuation of Combat Tank Development in Switzerland? A Decision Still Outstanding and the Salient Features of the Problem"]

[Text] The proposal of the military department to give the green light to the initiation of phase two of Switzerland's own design of a new combat tank for the late 1980's and 1990's, with the corresponding concomitant costs, has been before the federal council for about half a year. The army command and the mechanized troops, industry, and gradually even the public wait for the decision with growing impatience.

The decision is hard to come by. It is not just a lack of resolve which cripples the federal council, it is also a matter of the complexity of the problem. For one must be quite clear that not to decide now is the same as deciding; for our tanks, which should be replaced, get older every week, and the time-frame which is already short enough for the development, evaluation and procurement, could be so constrained by further temporizing that a domestic design would no longer be feasible because of time considerations alone.

The following discussions and illustrations are to provide information on a few of the main problems, which come up in the decision concerning tank replacement and the Swiss design.

#### Unavoidable Tank Replacement

At the present time, over 2,000 armored vehicles are in service in Switzerland: the Centurion tank, Kampfpanzer's 61 and 68, the M-109 tank howitzers and armored personnel carriers as well as numerous armored auxiliary vehicles such as engineering tanks, support tanks, command tanks, etc. All of these battle-field tanks must be replaced sometime, some sooner and others later. For most of them, this replacement will be necessary before the turn of the century. Should we be successful in coming up with a clear, convincing concept for this requirement, where possible in the form of one single basic design, then such a design would be no problem, at least as regards the size of the series.

For the time being, no one actually talks about 2,000 armored vehicles. Presently, 300 Centurion, and somewhat later, 150 Panzer 61 tanks are under discussion, where the replacement should begin in 1985. Provisions have been made to procure a new combat vehicle, which would be a match for foreign tanks of the 1990's and would be assigned to the mobile counterattack units. At the tactical level, the older models should temporarily find application during the second phase of their service life.

#### Outline of the Problem

The desire to replace combat tanks and their development in Switzerland brings up basically the following questions, which are to be briefly answered beforehand where possible.

1. Does the tank still have a chance in the 1980's and 1990's? Primarily: In those years, were our nation to be attacked, would one still have to deal with tanks? The answer is yes; for in all of the militarily decisive nations, new tanks are being designed or have already been introduced (see the drawings [not reproduced]).

2. In recent years, very effective antitank weapons have been developed and introduced: wire guided missiles of all calibers, TV and laser guided missiles, bombs and projectiles, fin stabilized projectiles for cannons, new tank mines of all types and fragmentation weapons, which threaten combat vehicles from above, at the weakest point. Should we not, even if others build more tanks, limit ourselves entirely to defensive weapons? The answer is no; for in the tank sector, very promising developments are underway to better protect the vehicles. In the contest between tanks and antitank weaponry, the scales can again tip in favor of the tank side. For this reason, we do not dare put all of our eggs in one basket.

3. If we continue to need tanks, and especially should replace the old ones with new ones, what kind of tanks should these be? Which mission will they have to carry out and what kind of tanks will they have to combat? The answer: They should be able to handle tanks, the development of which is underway today, and be on a par with them as regards armament, armor and mobility, as well as in the electronic equipment and night combat gear.

4. Can development abroad be foreseen? The answer is yes, with the reservation that for the militarily decisive powers, a new design which is getting started now has a long way to go in development to the production stage. In the 1990's, one must thus deal with a new generation of tanks, as yet unknown today.

5. How many tanks do we need? As already noted, the figure is temporarily one of a need of 300 to 450. Nothing yet has been heard of a longer term plan.

6. When will we need these new tanks? On the military side, 1985 is cited as the target year; all the more, since our Centurion tanks will be 30 years old,

unless they would have been put through a retrofit program, as for example, the Israeli program. The susceptibility to breakdown is already high, and the procurement of spare parts is not easy in individual cases. The Swiss Panzer 61's, which go back to a design of 1958, follow the Centurions a few years later. Thus, six and a half years are still available before the start of the replacement.

7. Who is to build and supply these tanks? And who is to design them? More on this in the following sections.

#### Developmental Trends in Tank Construction

If one is to gain an idea of the developmental risk, one must to a certain extent know the developmental trends which are evident today in tank construction. A few indications can then be given for this reason.

#### Main Weapon

In the case of primary armament, a decision is to be made between cannons and missiles. The advantages and disadvantages for tanks cannot be discussed here. Previously, there were and there are only American combat tanks which were equipped with a 152 mm caliber combination weapon, a short cannon which can fire both conventional ammunition and the wire guided Shillelagh antitank weapon, as well as the old Sheridan tanks and the new M60A2, after the re-arming of the M60A1 had been terminated prematurely. The missile is the long arm: It should provide the conventional tank units with protection against tank fire at long range. In contrast to light missile assault tanks, we are dealing here with a completely outfitted combat vehicle.

After it had been believed that tank cannon could only be improved to a limited extent, one now learns otherwise: At the present time, a contest is underway between the classical rifled cannon barrel (spin stabilized projectiles) and the smooth bore cannon (with fin stabilized projectiles). The Soviets, who were the first to use a 115 mm smooth bore cannon on a large scale in the T-62, have retained it with the larger 125 mm caliber in the new T-64, and they also seem to have preferred it in the newest model, the T-72. Developments are also underway in the west; thus, Rheinmetall has designed a 120 mm smooth bore cannon for the Leopard II combat tank, which competes in NATO with the classical British rifled bore cannon of 115 mm or 120 mm caliber. The German cannon is hardly heavier than the frequently used 105 mm tank cannon. The smooth bore allows the use of hotter powder, without impairing the service life. It is interesting that the transition to fin stabilized projectiles permits far higher values of the initial or muzzle velocity; with new types of ammunition, it can be increased to more than 1,600 meters per second. On January 17th, the American army decided in favor of the German smooth bore cannon with the reservation of construction under license in the US. It will be the main weapon of the XM-1.

Will Swiss industry be able to initiate a promising development in this sector?

## Ammunition

In the ammunition sector too, matters are still in a great degree of flux. The drawing of the various armor piercing projectiles [not reproduced] can convey the idea. The development is running not the least of all in the direction of subcaliber, hard core projectiles (fin stabilized projectiles), because effective protection options against shaped charge projectiles of all types have come into view. The development is by no means terminated though.

## Turret or Casemate?

The mounting of the gun is a cardinal problem in tank construction. With the exception of Sweden, which equipped its armed forces in the years 1967 to 1971 with a few hundred S-tanks (37 tons) with a rigidly built-in cannon, the so-called casemate tank has up to now appeared in no nation as an actual combat tank. And by all accounts, the new combat tank, which is now being developed, is there also to again be a turret tank. An evasive answer was received from the manufacturer in response to the question of whether this renewed change of systems means that the rigid cannon mounting has not proved out well. Modern engineering makes it possible to aim the fixed cannon with corrections only to the vehicle position, as well as by means of the shock absorber springs, as long as everything functions flawlessly. The computerized fire control engineering even makes it possible to fire precisely during the process of aiming if all of the data are in agreement for the certain hitting of the target. But long discussion are needed here to make it clear that a finely honed engineering art of the highest degree of perfection must be used in the mechanism to accomplish here at home in a short time what other militarily more significant nations reject as being too ticklish.

In the case of the tank cannon, development is further taking the path of automatic loading systems. When everything works, one man can be spared from the crew. On the other hand, the problems for a top gun carriage for heavy tank cannons has not yet been solved; the turret is sunk in these systems, and only the cannon and loading mechanism extend out over the cradle.

## Armor

The drawings on this page show that of the new generation of tanks, only the Soviet T-72 has a round turret dome of minimum size, though all others have bulky turrets with shapes which totally lack any consideration of the impact angle. Furthermore, all models exhibit apron-like shields over the tracks. The turret shapes betray the new compact materials engineering, the so-called Chobham armor, which by including ceramic elements can considerably reduce the effect of shaped charge projectiles. The same applies for the armor aprons (an installation which is as old as the torpedo in navy ships) with which the shaped charge will be caused to detonate prematurely. All kinds of discussions are underway in this development in the American armed forces; in particular, it is being asked that now large caliber guided antitank weapons with shaped charges be pushed. . .



We are dealing here with a new type of technology, just as in the case of the increasing of light metal components, something which is actually not unknown here at home, but which may still be considered as being in its infancy.

### Night Combat Capability

The Israelis found it to be a severe disadvantage in the Yom Kippur war that Soviet tanks possessed infrared night combat equipment, while they could only fall back on their spotlights. A combat tank of the 1980's and 1990's is unthinkable without night vision and night aiming equipment.

### Tank Construction in Switzerland

It became known at the end of February that the Canadian government had concluded a contract with the Swiss Mowag company in Kreuzlingen for the procurement of 350 "Piranha" armored personnel carriers; the combat vehicles would be built by General Motors under license in Canada, and Mowag, besides the license, would supply a pilot series and the mechanical parts of the propulsion system for series production. The "Piranha" belongs to the Mowag family of wheeled tanks; as armored personnel carriers and light combat vehicles, they are to have four, six or eight wheels, and be exceptionally mobile and capable of handling different terrains. Talk was heard of Mowag for the first time when it was able to supply the precursors for the then German Federal Border Guard. The company also offers tracked vehicles, two models of the "Tornado" armored personnel carrier.

One further recalls that a Swiss armored personnel carrier design was accomplished, which then admittedly did lead to procurement, since instead of the Saurer vehicle, the American model M-113 was purchased.

The first combat tanks of Swiss design were the Swiss Panzer 61 and the subsequent model 68, in conjunction with some special tanks. The tank is not of purely origin; it has an English cannon and a foreign engine. The attempt to develop a Swiss tank cannon (artillery) had to be abandoned; now the prototype of a Swiss antiaircraft tank, which industry is preparing, is to be built on the chassis produced for this cannon.

A Swiss enterprise, Contraves from the Buehrie group, also has considerable experience in antiaircraft tank construction, primarily as far as the weapons, turret and fire control are concerned.

The sum total: the potential for the development and procurement of a new combat tank exists in Switzerland.

The above review admittedly also indicates that the assertion that abandoning the domestic development of a new tank means the end of tank construction in Switzerland is on shaky ground. Quite independently of the fact that industry would gladly build a Swiss antiaircraft tank, the possibility of construction under license also remains open. And one would have much more time available for an armored personnel carrier design, and a much larger series in prospect with 1,250 units.



## The Main Difficulties

The two main difficulties are to be seen in the presumable time requirement for industry, which can hardly be brought into line with the requirements for a timely replacement of the old tanks, and in the organizational sector, where it is still not yet clear whether the project should be headed by a governmental authority or by an industrial consortium and/or a private enterprise functioning as a general contractor, in accordance with the German model. If everything else were in order, costs for domestic development would be no obstacle; for no one will assume that we have not paid our fair share of the development costs of a model which we purchase abroad and which has been developed for quite different military needs.

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## BRIEFS

**PRIVATELY-OWNED LAKE NATIONALIZED**—Village Affairs and Cooperatives Minister Ali Topuz has announced that the Council of Ministers has decided to nationalize Bafa Lake, on the Aydin-Mugla provincial border. At a press conference in Ankara, Topuz said that Article 130 of the Constitution and Article 641 of the Civil Code envisaged the state ownership and management of natural wealths and resources. He added that though this issue was clear in the law, the Sakizburnu fisheries at the Bafa Lake had, in practice, taken over private ownership of the whole lake. Topuz pointed out that the private ownership of the Bafa Lake obstructed its full exploitation in the economic and touristic fields. In reply to a question Topuz said that the nationalization of other lakes, which like Bafa were privately owned was also under consideration. He stated that Turkey had a revenue of 2 billion lira a year from the lake fisheries. Topuz explained that lake fisheries would be run by democratic people's cooperatives which had reached their final stage of establishment. He added that this method would most probably be used first at Bafa Lake. [Excerpts] [Ankara Domestic Service in Turkish 1000 GMT 16 Jun 78 TA]

CSO: 4807

# TRADE UNION CHIEFS RETHINK POLICIES, STRATEGY

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 31 May 78 p 9

[Article by Dieter Balkhausen: "No Wage Slot Machines for Employees"]

[Text] The trade unions have started on the difficult job of putting their wage policy on a new course. Increasingly, they will try to avoid living by wages alone. Shorter working hours, protection against the consequences of efficiency measures, and property funds--by means of which it would be possible to prevent dismissals or finance an early retirement--are to help keep in check unemployment. The DGB [German Labor Union Federation] Congress in Hamburg formulated only global objectives. However, the trade union leaders know that even if the employers are prepared to compromise the new policy contains a great many pitfalls. They are interested in preventing moves in the wrong direction, moves such as the general enforcement of the 35-hour week or of protective measures against rationalization. The trade union leaders, with whom Dieter Balkhausen discussed the new emphases and problems in connection with the changes in wage policy, all agree on one thing: "We must not fall into mere activism; for the point is to obviate the danger that the socio-politically important objectives may not be attained or that they may be superadded to the economically sensible wage and salary increases, which would result in an increase rather than a reduction of unemployment.

"It cannot be our policy to become wage slot machines for employers," said Karl Hauenschild, the chairman of the Industrial Labor Union for Chemistry, Paper and Ceramics, thus formulating the difficult conflict of objectives which the trade unions have to solve--naturally with the constructive support of the employers. The chairman of another large industrial labor union outlined the basic problems in stating: "In view of the diverse interests resulting from the differential wages of workers and employees, it is a superhuman task to enforce solidarity in wage policy. Most people

are more interested in obtaining the highest possible wage increases than in showing solidarity with the unemployed of today and tomorrow." In other words: In return for their membership dues, the trade union members want to see material results, especially since they are upset about the fact that the "freeloaders" also benefit from the trade unions' successful wage policy without paying any dues. Thus in regard to one essential point, the trade unions are in the same position as the employers: They must satisfy their "customers."

Why is it urgently necessary to follow a new course in the collective bargaining with the employers? The trade union leaders say this is necessary on account of a double bind: "Compared to previous times, there is not as much distributable substance, and the number of unemployed will increase rather than decrease in the coming years." The DGB chairman, Heinz Oskar Vetter, stated unequivocally: "By no means can our problems be solved through economic growth alone. The rationalization pressure and the constantly increasing number of young people entering the labor market give rise to the danger that in a few years the number of unemployed will by far exceed 1 million." Vetter's colleague Rudolf Sperner, the chairman of the construction workers union, added: "Even a growth rate of 5 percent will not help many people to find a job: Either they do not have the skills required or they do not want to accept certain jobs, or they are fixated on part-time work." The trade union leaders feel that in order to solve these problems--insofar as the collective bargaining partners can contribute to a solution--it will be necessary to proceed from the following basic conditions:

--Within the immediate future--i.e. within the next 5 years--an annual growth rate of 2.5 to 3.5 percent would be quite an accomplishment. This increase--measured in billions of the GNP--would be equivalent to the considerably higher growth rates at the beginning of the 1970's.

--Efficiency measures and productivity increases will develop within the same limits--i.e. 2.5 to 3.5 percent. On balance, not many additional jobs would be created in this way.

#### Longer Terms for Wage Agreements

Eugen Loderer, the chairman of the metalworkers union, which determines the general course, draws the following conclusions from these rather optimistic prognoses: "We must consider the possibility that the 1-year wage agreements may no longer make sense. The annually recurring efforts, which keep us as well as the employers in suspense for more than 3 months, are much too taxing. Agreements extending over several years--which could be adjusted in accordance to economic developments--would yield a higher degree of economic security for everybody." His colleagues agree with him, presenting the argument crucial for setting a new course: "If in a year we set aside 1/2 to 1 percent of the potential wage increases for shorter working hours, property funds or protection against efficiency measures.

it will not be sufficient for initiating any solidarity measures of importance. In 2 years, it would be possible to absorb a higher percentage for socio-politically important activities." Karl Hauenschild and Rudolf Sperner feel that the workers could reasonably be expected to forgo part of the optimal increase: "For the most part, the colleagues make so much money that it doesn't make any difference whether they make an additional DM 30 or 40 per month. More important to them is the quality of their work. More leisure time, a more secure job or less monotonous work are worth more than optimal wage increases."

The trade union leaders, who share the responsibility for social security, are afraid that the general demand for the 35-hour week will encourage an imprudent policy. "If the weekly working time were to be gradually shortened in the next few years, it would produce the opposite of the desired effect: Overtime work and rationalization pressures would be increasing." Heinz Oskar Vetter, who 1 1/2 years ago started the campaign for "reduction of working hours" and who shortly before the DGB Congress had also called the objective of the 35-hour week a concrete opportunity for distributing the available work among a greater number of workers, is aware of these dangers; he outlines the intent of his ideas as follows: "We must formulate a more differentiated strategy. Our motto must not be: Shorter working hours for all; but rather: For the present, shorter working hours where it is necessary."

Here the DGB chairman is referring above all to crisis-prone branches such as the steel, coal and shipbuilding industries or to those areas where technological progress has been especially rapid, e.g. the printing and watch-making industries. In the long run, Vetter, Hauenschild, Loderer and Sperner naturally do not rule out a reduction of weekly working time; for the time being, they consider such a move to be effective only in special cases. The OeTV [Public Service, Transportation and Communications Labor Union] chairman, Heinz Kluncker, warns against "pointless activism": Even if additional jobs could be created the qualified personnel to fill them would in most cases not be available."

#### Shorter Working Hours

In pursuing its goal-oriented wage policy, the metalworkers union wants to start in the steel industry. Says Loderer: "In this branch, we will not be able to cope with the problems without a sharper reduction in the weekly working time." The example of the steel industry demonstrates that the introduction of shorter working hours in one specific branch could turn out to be an explosive issue for the trade unions as well as for the employers: For if this reduction is not taken into account against the wage increases, it will give rise to greed in all those who must work longer hours and who earn relatively less. Thus it is only logical that mammoth trade unions such as the metalworkers union find it difficult to conclude separate agreements for crisis-prone branches of industry. However, as one of the participants in the discussion outlined the unpopular



task: "Such agreements are unavoidable, if we do not want to become implicated in an increase in unemployment. And if we do not prevent senseless agreements in other branches, the sacrifice of a certain part of the wage increases will not produce any additional jobs." Many trade union officials are worried about the fact that the coal industry still observes the 40-hour week: "They blithely increase their dump stock; and the state pays-- just recently an additional DM 2.3 billion for 4 years. This money is more urgently needed by branches of industry which produce new jobs."

#### Longer Vacations

In justifying smaller increases in real income vis-a-vis their members, the leaders of the big labor unions prefer to talk about additional days of vacation. The motto "a reduction in life working time is better" is gaining weight also in regard to the idea expressed by Karl Hauenschild, namely that the collective bargaining partners could make arrangements concerning a potential early retirement. What is already being practiced by a great many firms could be regulated by means of funds: Such funds would make up the deficit in the state pension, in order to make early retirement acceptable and thus to create additional jobs for the "pcoming generations. These funds, which according to some trade unions are also to compensate for income reductions due to short-time work, pay for job programs for young people and temporarily prevent mass dismissals in individual firms, could also be set up within the framework of a policy oriented toward property formation. Among other things, this would offer the advantage of potential tax privileges granted by the state. Even the metalworkers union, which is opposed to a policy of property formation, regards such solutions as a positive element in the fight against unemployment.

#### Protection Against Efficiency Measures

Since the productivity increases and the growth rate are approximately in balance and since in many cases even the highest growth rate does not offset the vehement efficiency drive (examples: The printing, watch-making, teletype and cash register industries), the trade unions are mostly concerned with checking the growing criticism of any form of rationalization. Many trade union functionaries no longer want to admit that increases in labor productivity have always been the precondition for income increases and the source of affluence. Federal President Walter Scheel, Federal Chancellor Helmut Schmidt, the trade union banker Hesselbach and other speakers urged the delegates to the DGB Congress to check the growing opposition to technological progress.

Thus the chairmen of the trade unions concerned must be prepared to set aside a part of the potential wage increases for agreements concerning protective measures against rationalization. "It is in this area that solidarity among the job holders is most urgently called for," said the DGB chairman, "especially since due to the complex problems it is very difficult to draw up effective agreements." Addressing the employers,

Vetter formulated the socio-political necessity of such agreements: "Of what use is the most beautiful machine, which at one stroke renders superfluous five workers, if at the same time it produces radicalism?" On the other hand, the phrase "we have never been Luddites," which is increasingly voiced by trade union leaders, represents an anxious admonition addressed to their own ranks.

#### Danger of Tacking On

A new wage policy which does not live by wages alone contains "built-in" risks, since an accumulation of problems and the reduced distributional latitude could have dangerous consequences for the economy. It would be unfortunate if shorter working hours, agreements concerning protection against efficiency measures, and other social arrangements were enforced according to the convoy principle, i.e. if the 38-hour week enjoyed by the steel workers were enforced also by the auto workers and subsequently by all trade unions. Doubly unfortunate would be this: To the maximum, economically manageable, wage increases, there would be tacked on the measures intended as an environmental distribution of work and property.

The trade union chairmen are agreed that this would produce the opposite of the desired effect: More jobs would be endangered than new ones created, since costs, competition and the necessity to rationalize would rule out any alternatives. Said Eugen Loderer: "We must not tack on. After all, we do not want the cow to be milked to drop dead in the barn." Said Rudolf Sperner: "The convoy principle must be called in question." And Karl Hauenschild stated: "Tacking on is as bad as giving up the potential purchasing power which would be squandered on an inefficient work-providing policy."

Summing up: The trade unions cannot act sensibly, if the employers are not willing to compromise. It is the trade unions, however, which must apply the right lever. Under such difficult circumstances, however, it could for once be the employers who--by making socio-politically advantageous offers--force the issue. That would be a sensation.

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CSO: 3103

COMPETITIVENESS OF FRG EXPORTS WEIGHED

Duesseldorf HANDELSBLATT in German 12/13 May 78 p 23

[Article by Alfred Mertens: "Exporters Are Training for the Obstacle Race"]

[Text] Duesseldorf. In 1978 foreign trade easily could become the Achilles heel of the German economy. In view of the continued weakness of the dollar, the current tariff agreements and the drastic decrease of foreign orders in the first month of this year, foreign trade has moved to the center of interest.

There is much at issue for the German economy since more than every fifth job directly or indirectly depends on export. About 27.5 percent of all goods and services today are produced for foreign countries, while in 1970 this share amounted to only 22.5 percent. Export has expanded almost continuously since 1970, with the exception of 1975. Even with due consideration of the pricing effect, exports have grown more rapidly than imports ever since 1970.

The export development of 1977 should not deceive us about the fact that German foreign trade has to overcome substantial competitive handicaps. The rising costs of raw material imports since the oil crisis in the fall of 1973, the greatly increased labor costs at home as well as the drastic decline of the dollar and the undiminished rise of the foreign value of the DM could be compensated for to a great extent until 1976, since increases of costs and prices in foreign countries were considerably larger than those in the FRG.

To a large extent the high foreign trade balance of 1977 could be accomplished only because many foreign buyers were induced by the steady upward trend of the DM to obtain their goods from the Federal Republic as rapidly as possible or advance their orders. German importers on the other hand, hoping for a further decline of the dollar, tended to delay their foreign purchases. Thus the developments of 1977 are anything but a reliable basis for an evaluation of the future outlook.

A prognosis of German competitiveness in foreign markets depends on a series of decisive factors.

On the one hand there is the development of energy and raw material costs. From 1970 to 1977 import prices have gone up by about 54 percent but during the same period prices of imported raw materials have climbed by 145 percent, thus almost three times as sharply as the overall index of import prices. This particularly is due to the drastic increase in oil prices at the end of 1973. As a result the price of raw materials imported from abroad--in the year 1974 alone--increased by 87.5 percent compared with the previous year. This large increase in raw material costs has increased the cost of exports. Thus, where for competitive reasons the prices could not be rolled over, business revenues have dropped further.

Another important factor is the development of labor costs. The wage and salary level (on an hourly basis) has about doubled in the overall economy since 1970. Thus the German employees belong to the few wage and salary earners who could record increased buying power even during the recession. However the price which was paid for this was high, as is shown by a comparison with the United States. With approximately parallel patterns of economic growth, there the per-person income was moving ahead of the price increases in the annual averages by only 0.5 percent. By comparison the German employee managed to obtain an annual growth of real earnings of nearly 5 percent. In the United States today there are 23 percent more people employed than in 1967. In the Federal Republic only 1 percent more.

The simple buying power theory of the labor unions, which demand payroll increases to strengthen the mass buying power in order to crank up business activity by way of private demand, turned out to be false. The representatives of this theory deliberately overlooked the fact that of a gross pay increase of DM 100, after deductions for taxes and social dues and some savings, the amount remaining for additional consumption does not reach DM 50. On the other hand, for the employer by including his share of social insurance and secondary personnel costs the pay increase means additional costs which are more than three times as high as the increase in consumption demand. Employers, as an indirect result of tax and impost politics, get deeper and deeper between the blades of a dangerous cost scissors.

Among the six largest industrial countries the German economy now has to digest the highest labor costs. This becomes evident from a comparison of the hourly pay inclusive of secondary personnel costs in the processing industries. One finds the following figures: Federal Republic DM 18.92, Netherlands DM 18.72, United States DM 17.76, France DM 12.23, Italy DM 11.83, Japan DM 10.57, Great Britain DM 8.09.

The greatest problem for the German foreign trade may have been the steady increase of the cost of the DM for foreign importers and the resulting competitive handicaps. By the enormous rates of increase of the foreign value of DM, compared with the most important trade partners, the export shares into these countries have in part been markedly reduced.



From the end of 1972 to February 1978 the DM has increased 45.9 percent in value compared with the currencies of the 22 most important trade partners. The past has shown that floating by no means automatically leads to an enduring stabilization on the exchange markets. It has been demonstrated more clearly that in this system the governments must face, even earlier than before, the urgent need for financial stability. The decline in the exchange value of the U.S. dollar has had particularly far-reaching consequences for the export chances of the German economy. Despite massive interventions--their total extent is estimated for 1977 alone to amount to about 40 billion dollars--from 1969 (\$1. = DM 3.92) to 1978 (\$1. = DM 1.99) the dollar has lost about 50 percent of its value.

It is true that the increases in costs and prices abroad must also be given consideration in this connection. Were the cost increases at home and the exchange rates to decide alone about the success of German foreign trade, the German exporters today would be expelled from nearly all foreign markets. There are two reasons why this, so far, has not happened: on the one hand the revalorization of the DM entails a certain cost relief for German business. Secondly, prices and costs in the foreign industrial and market countries in part have grown considerably stronger than in the Federal Republic.

The countries with the highest devaluations compared with the DM, namely Italy and Great Britain, at the same time recorded the strongest increases in costs and prices. Thus the real DM revalorizations turn out to be significantly smaller than is expressed in the changes of the nominal DM exchange value. As calculated by the IFO Institute, the DM compared with the totality of the most important industrial countries has been revalorized "only" by 18-20 percent from 1969-1977. While the Federal Republic even gained slight advantages against a few countries because the amount of DM revalorization was smaller than the difference in costs and prices (for instance, Belgium, Netherlands, Japan), in other countries a loss of market quotas must be expected (so for instance in the United States).

To what extent the cost-wise handicap of German foreign trade can still be compensated by factors such as quality, dependability and technology, is a problem. Whether the export conditions in 1978 will be further aggravated depends particularly on the question whether the United States succeeds in reducing the 1977 trade deficit of nearly DM 20 billion and in stopping the deterioration of the dollar. So far there is no sign of such a turn in the trends. Another decisive factor is whether it becomes possible to maintain a minimum of wage and price discipline at home. The existing wage contracts no longer justify the hope that in 1978 the limits scheduled for the entire economy (increase of gross wage and salary amounts by 5.5 percent can be maintained again the increase in earnings will exceed the decrease in productivity in 1978). The smaller the difference in costs and prices to the trade partners becomes the smaller the possibility will be of compensating for the revalorization disadvantages. Finally, the great question still remains unanswered, whether or not in the most important trading countries the will can prevail to hold firmly to a liberal trade policy without protectionist measures.



# URANIUM SEARCH IN BAVARIA DISCUSSED

Munich SUEDEDEUTSCHE ZEITUNG in German 6 Jun 78 p 16

[Article by C.F.: "Uranium Search in the Bavarian Forest"]

[Text] Passau (firsthand report). In the Bayerischer Wald [Bavarian Forest--mountainous region in Bavaria], the search for uranium has started again. In collaboration with Minatome S.A., a French concern, the Frankfurter Urangesellschaft [Frankfurt Uranium Company] has begun the preparatory work in an area comprising 285,000 hectares. Upon conclusion of the initial explorations, the search is now focusing on the areas around Hauzenberg, Fuerstenstein-Saldenburg and around the Dreisessel. However, it will probably be 8 to 10 years before final decisions concerning the potential mining of uranium ore will be made.

This time, the geologists are more hopeful about their work as compared to the 1950's. At that time, the uranium prospecting in the Bayerischer Wald was unsuccessful. In the meantime, the research methods have been further developed; and after the tremendous increase in the uranium prices in the wake of the energy crisis, it is considered good policy to search for the valuable ore even in areas that show little promise in regard to uranium deposits.

The Bayerischer Wald was selected--just as the area around Murrhardt north of Stuttgart which is likewise being searched for uranium--on the basis of geological comparisons with uranium deposits in France and in the United States. After the Bavarian Economics Ministry had issued the so-called search permit on 30 September 1977, the geologists set up their offices and laboratories in Schoellnach (Deggendorf district). For this year alone, DM 1 million have been appropriated for the project, with the Frankfurter Urangesellschaft and Minatome each contributing 50 percent; in return, the two enterprises will receive Euratom funds.

## Test Pits and Drilling

So far, only the radiometric exploration of the test area has been completed: The geologists measured the radiation emitted by disintegrating uranium. The geochemical examination--i.e. the testing of water and sediment samples for uranium and related elements--is in the final phase.

Once the geologically promising spots of the search area in the Bayerischer Wald have been determined by means of such methods and through evaluation of aerial and satellite photographs, it will be possible to select a few square kilometers out of the 285,000 hectares for thorough examination. This "exploratory phase" includes detailed geochemical and geophysical research work, the digging of test pits and drilling work. A decision concerning the opening up of the deposits and a potential mining effort will not be made until an economically profitable uranium concentration has been established.

## Work on 40 Projects

During the last 8 years, the Frankfurter Urangesellschaft--established in 1967 at the instigation of the Federal Government--supplied 60 percent of the uranium consumed in the Federal Republic. The Frankfurt Metallgesellschaft AG [Metal Company, Inc.], the Essen Steag AG and the Duesseldorf Veba AG [United Electricity and Mining Corporation] each hold a 33 percent share in the enterprise. At present, the enterprise is engaged in approximately 40 projects in Canada, the United States, Australia, Brazil, Indonesia and Botswana. The annual prospecting and exploration budget of the concern, which has established subsidiary companies in Australia, Canada and the United States and which holds a 49 percent share in the Brazilian Nuclebras Auxiliar de Mineracao S.A., amounts to DM 40 million.

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